

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 02 2012**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET ASSETS--ENTERPRISE FUND JUNE 30, 2011	15
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS--ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2011	16
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2011	17
NOTES TO THE FINANCIAL STATEMENTS	19
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	35
EXHIBIT I - Combining Statement of Net Assets--Enterprise Fund June 30, 2011	37
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Assets--Enterprise Fund For the Year Ended June 30, 2011	40
EXHIBIT III - Combining Statement of Net Assets--Enterprise Fund Capital Fund Programs - June 30, 2011	42
EXHIBIT IV - Combining Statement of Revenue, Expenses and Changes in Fund Net Assets--Enterprise Fund Capital Fund Programs For the Year Ended June 30, 2011	44

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION, CONTINUED:	
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011	46
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet June 30, 2011	47
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended June 30, 2011	49
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	55
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	59
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011:	
Section I - Summary of Auditors' Results ..	63
Section II - Financial Statement Findings and Questioned Costs	65
Section III - Federal Award Findings and Questioned Costs	108
Section IV - Status of Prior Years' Audit Findings and Questioned Costs	154
Section V - Other Matters	168
EXIT CONFERENCE	170



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the accompanying statements of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows- enterprise fund of Housing Authority of the City of Alexandria (HACA) as of and for the year ended June 30, 2011. These financial statements are the responsibility of HACA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HACA's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana
Page 2

HACA was not able to resolve at March 29, 2012, issues related to the completeness of its capital assets, net assets, and interfund out of balance condition. Further, subject to the ultimate resolution in capital funds totaling \$639,613 collected by HUD and the reimbursement of \$2,500,000 in a line of credit secured by **HACA**, we were unable to apply sufficient auditing procedures in those areas (see audit findings reference numbers 2011-35 and 2011-36 for additional discussion).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding interfund activities, the completeness of capital and net assets and subject to the ultimate resolution of the collected capital funds by HUD and reimbursement status of the line of credit of \$2,500,000, the financial statements referred to above present fairly, in all material respects, the financial position of **HACA** as of June 30, 2011, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that **HACA** will continue as a going concern. As discussed in NOTE 20 to the financial statements, **HACA** continues to have operating losses in its Housing Programs which continue to raise doubt as a going concern. Management's overall plan has been discussed in NOTE 20 to the accompanying financial statements. The accompanying financial statements do not include any adjustments that might result from the outcome of the uncertainty.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana
Page 3

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of HACA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

The management's discussion and analysis on pages 4 through 14 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 29, 2012



**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of **Housing Authority of the City of Alexandria (HACA)**, has complied with the requirements of Government Accounting Standards Board Statement No. 34 and offers readers of **HACA's** financial statements this narrative overview and analysis of the financial activities of **HACA** for the fiscal years ended June 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with **HACA's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **HACA** exceeded its liabilities by \$20,688,267 and \$12,712,743 at June 30, 2011 and 2010 (*net assets*). Of the amount, \$2,048,911 at June 30, 2011 and \$4,929 at June 30, 2010 (*unrestricted net assets*) may be used to meet **HACA's** ongoing obligations to citizens and creditors.

Restricted net assets were \$841,082 and \$267,848 at June 30, 2011 and 2010.

HACA's enterprise fund reported net assets of \$20,688,267 and \$12,712,743 at June 30, 2011 and 2010, an increase in net assets of \$7,975,524 at 2011 a decrease of \$570,871 at 2010. These changes are primarily attributable to the financial impact of HUD's Capital Fund funding levels and changes in operating grants for both 2011 and 2010.

HACA had dwelling rental revenues of \$700,149 and \$506,422 for the years ended June 30, 2011 and 2010. HUD operating, capital grant revenues and contributions were \$14,285,796 and \$6,836,988 and non-operating revenues of \$759,863 and \$133,729, respectively. Total operating expenses for the years ended June 30, 2011 and 2010 were \$9,310,702 and \$8,953,867.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating, capital grants and contributions from the Federal government and dwelling rental constitute 95.1% for 2011 and 98.0% for 2010 of HACA's total revenues. Non-operating revenues for the years ended June 30, 2011 and 2010 were 4.8% and 1.9%, respectively of total revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to HACA's basic financial statements. HACA's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. HACA is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

REPORTING ON HACA AS A WHOLE

One of the most important questions asked about HACA's finances, "Is HACA as a whole better off, or worse off, as a result of the achievements of fiscal years 2011 and 2010?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about HACA as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. HACA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. HACA has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - HACA's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable HACA to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Housing Choice Voucher Program - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. HACA is paid by HUD to administer the program.

Disaster Housing Assistance and Voucher Programs - These programs provide transitional housing for families impacted by events caused by hurricane storms and homelessness.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for HACA's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of HACA's units.

Capital Fund Stimulus Grant Programs - These programs provide funding for capital improvements for its housing stock and management activities.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

USING THIS ANNUAL REPORT

HACA's annual report consists of financial statements that show information about HACA's enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements and their report on compliance with HACA's major programs. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON HACA MOST SIGNIFICANT FUND

HACA's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, HACA may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

HACA's enterprise fund used the following accounting approach:

Proprietary Funds - All of HACA's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

Condensed Statement of Net Assets

The following table represents a condensed Statement of Net Assets as of June 30, 2011 and 2010:

Condensed Statement of Net Assets		
June 30		
	<u>Assets</u>	
	<u>2011</u>	<u>2010</u>
Current assets	\$ 3,426,586	\$ 685,805
Noncurrent assets	<u>20,321,441</u>	<u>14,566,530</u>
Total assets	<u>23,748,027</u>	<u>15,252,335</u>
	<u>Liabilities</u>	
Current liabilities	2,961,811	1,118,007
Noncurrent liabilities	<u>97,949</u>	<u>1,421,585</u>
Total liabilities	<u>3,059,760</u>	<u>2,539,592</u>
	<u>Net Assets</u>	
Net assets:		
Invested in capital assets, net	17,799,174	12,439,966
Restricted	841,082	267,848
Unrestricted	<u>2,048,011</u>	<u>4,929</u>
Total net assets	<u>\$20,688,267</u>	<u>\$12,712,743</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended June 30, 2011 and 2010:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended June 30**

	<u>2011</u>	<u>2010</u>
Revenues:		
Operating revenues	\$ <u>7,856,476</u>	\$ <u>6,242,777</u>
Total operating revenues	<u>7,856,476</u>	<u>6,242,777</u>
Expenses:		
Operating expenses	<u>9,310,702</u>	<u>8,953,867</u>
Total operating expenses	<u>9,310,702</u>	<u>8,953,867</u>
Operating loss	<u>(1,454,226)</u>	<u>(2,711,090)</u>
Non-operating revenues:		
Non-operating revenues	<u>759,863</u>	<u>133,729</u>
Total non-operating revenues	<u>759,863</u>	<u>133,729</u>
Capital contributions:		
Capital contributions	<u>7,129,469</u>	<u>594,211</u>
Total capital contributions	<u>7,129,469</u>	<u>594,211</u>
Change in net assets	6,435,106	(1,983,150)
Beginning net assets, as restated	<u>14,253,161</u>	<u>14,695,893</u>
Ending net assets	<u>\$20,688,267</u>	<u>\$12,712,743</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS

Overall, net assets increased by 63% from 2010 to 2011.

That change in 2011 is reflected as an increase in capital grants receivable which constitutes 63% of total current assets. The increase in grants receivable was due to the timing in reimbursement in capital grants from HUD. Also, capital assets addition of 21% was due to the acquisition of equipment and renovation projects

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2011 increased by \$8,775,091 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$506,422 in 2010 to \$700,149 in 2011, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.
- Operating grants from HUD for the Low Rent Public, Capital Funds (non-capital) and Housing Choice Voucher and Disaster Programs, increased from \$5,635,406 in 2010 to \$7,156,327 in 2011 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and operating grants from various Capital Fund awards.
- Capital funds for modernization of projects increased from \$594,211 in 2010 to \$7,129,469 in 2011 as a result of funding availability from HUD.
- Non-operating revenues increased from \$133,729 in 2010 to \$759,863 in 2011 as a result of fee based activity by the central office.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Compared to the prior fiscal year, total operating expenses increased from \$8,953,867 in 2010 to \$9,310,702 for the year ended June 30, 2011.

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords from \$4,118,532 during 2010 to \$3,886,409 in 2011.
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director and other personnel. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net assets decreased by 14.3% from 2009 to 2010.

The contributing factors for the change follows:

- o For 2010 current assets decreased by 74.2% due to the net effect of changes in dwelling rental income administrative fees and capital and operating funding levels.
- o Capital assets increased net of accumulated depreciation by 15.5%.
- o Noncurrent liabilities increased by 937% due to the acquisition of a line of credit for the construction at the Legacy Heights.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2010 decreased from \$8,099,765 to \$6,970,717 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from 2009 to 2010 by 4.6% primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Grants from HUD for the Low Rent Public and Housing Choice Voucher and Disaster Programs decreased from \$6,458,041 in 2009 to \$5,635,406 in 2010 due primarily to the level of leased-up in the Voucher and Disaster Programs impacting its earned grant.
- Capital funds for modernization of projects decreased from \$776,222 in 2009 to \$594,211 in 2010 as a result of funding availability from HUD.

Compared to the prior fiscal year, total operating expenses increased from \$8,599,800 in 2009 to \$8,953,867 for the year ended June 30, 2010.

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords by 10.4% from 2009 to 2010.
- Inflationary impact on operating expenses specifically employee compensation and related benefits, utilities, supplies and materials during the years ended June 30, 2009 and 2010.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 and 2010, HACA had \$20,299,174 and \$14,566,530 invested in a broad range of capital assets, including land, buildings and building improvements, automobiles, furniture and equipment and construction in progress. This amount represents a net increase (including additions, deductions and depreciation) of \$5,732,644.

Capital Assets, Net June 30		
	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 2,098,343	\$ 2,098,343
Buildings and buildings improvements	36,671,388	28,041,008
Automobiles, furniture and equipment	1,474,767	1,281,109
Construction in progress	<u>2,086,548</u>	<u>3,610,027</u>
	42,331,046	35,030,487
Less accumulated depreciation expense	<u>(22,031,872)</u>	<u>(20,463,957)</u>
Total	<u>\$ 20,299,174</u>	<u>\$ 14,566,530</u>

The net change in capital assets of 39% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

Debt

HACA long-term debt at June 30, 2011 was \$-0- and \$1,297,812 for 2010.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HACA is primarily dependent upon HUD for the funding of its operations; therefore **HACA** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending June 30, 2012 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **HACA's** finances and to show **HACA's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Alexandria, P. O Box 8219, Alexandria, LA 71306 telephone number (318) 442-8843.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF NET ASSETS- ENTERPRISE FUND
JUNE 30, 2011

ASSETS

Current Assets.

Cash and temporary cash investments (NOTE 5)	\$ 309,642
Restricted cash (NOTE 6)	887,539
Amounts receivable, net (NOTE 2)	2,150,243
Prepaid and other assets (NOTE 3)	<u>79,162</u>

Total current assets 3,426,586

Non-current assets.

Capital assets, net (NOTES 4 and 13)	20,299,174
Investment (NOTE 7)	<u>22,267</u>

Total non-current assets 20,321,441

Total assets 23,748,027

LIABILITIES

Current Liabilities:

Line of credit (NOTE 10)	2,500,000
Advances, net	20,931
Amounts and other payables (NOTE 8)	302,971
Compensated absences payable (NOTE 14)	74,663
Deferred revenues (NOTE 18)	16,789
Security deposits held for tenants (NOTE 6)	<u>46,457</u>

Total current liabilities 2,961,811

Non-current liabilities:

Compensated absences payable (NOTE 14)	<u>97,949</u>
--	---------------

Total non-current liabilities 97,949

Total liabilities 3,059,760

NET ASSETS

Net Assets:

Invested in capital assets, net of related debt	17,799,174
Restricted	841,082
Unrestricted	<u>2,048,011</u>

Total net assets \$20,688,267

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Operating Revenues:	
HUD operating grants	\$ 6,297,372
Administrative fees earned	858,955
Dwelling rental	<u>700,149</u>
Total operating revenues	<u>7,856,476</u>
Operating Expenses	
Salaries and employee benefits	2,146,725
Materials and other	112,886
Contractual services	628,541
Utilities	120,964
Depreciation	1,626,282
Insurance	456,564
Housing assistance payments	3,886,409
Office rent	36,000
Maintenance and repairs	1,058
Convention and travel	10,288
Telephone	42,463
Bad debt expense	48,878
Payment in lieu of taxes	68,819
Portability fees	6,614
Supplies	18,275
Postage	3,107
Publication	5,116
Tenant services	1,482
Membership dues and fees	6,851
Bank charges	815
General	<u>82,565</u>
Total operating expenses	<u>9,310,702</u>
Operating loss	<u>(1,454,226)</u>
Non-operating revenues	
Interest income	2,855
Proceeds from insurance claim	8,693
Other	<u>748,315</u>
Total non-operating revenues	<u>759,863</u>
Capital contributions:	
HUD capital grants	<u>7,129,469</u>
Total capital contributions	<u>7,129,469</u>
Change in net assets	<u>6,435,106</u>
Net assets, beginning of year, as previously reported	<u>12,712,743</u>
Prior period adjustments (NOTE 16)	<u>1,540,418</u>
Net assets, beginning of year, as restated	<u>14,253,161</u>
Net assets, end of year	<u>\$20,688,267</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Cash flows from Operating Activities	
Operating grants	\$ 7,183,098
Receipt from tenants	699,608
Receipts - other	759,863
Receipt of advances	1,162,530
Payments to suppliers for goods and services	(2,277,219)
Payments to employees	(2,137,254)
Payments to landlords	<u>(3,886,409)</u>
Net cash provided by operating activities	<u>1,504,217</u>
Cash Flows from Investing Activities:	
Purchase of investment	<u>(1,561)</u>
Cash used by investing activities	<u>(1,561)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets, net	(5,793,188)
Capital contributions	<u>4,983,329</u>
Net cash used by capital and related financing activities	<u>(809,859)</u>
Net increase in cash and temporary cash investments	692,797
Cash and temporary cash investments, beginning of year	<u>504,384</u>
Cash and temporary cash investments, end of year	<u>\$ 1,197,181</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS—ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2011

**Reconciliation of Operating Loss to Net Cash provided
by Operating activities:**

Operating loss	(1,454,226)
Adjustments to reconcile operating loss to cash used by Operating activities:	
Depreciation	1,626,282
Bad debt expense	42,463
Adjustments to beginning net assets	1,540,418
Changes in net assets and liabilities:	
Increase in advances, net	2,520,931
Decrease in prepaid and other assets	34,862
Decrease in amounts and other payables	(680,013)
Decrease in deferred revenues	(15,585)
Decrease in compensated absences payable	(10,183)
Increase in security deposits	2,820
Increase in accounts receivable	(2,103,552)
Net cash provided by operating activities	<u>\$ 1,504,217</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Background and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Alexandria (HACA) is a chartered public corporation under the laws of the State of Louisiana. HACA's is governed by a five (5) member Board of Commissioners, all appointed by the City and serve five year staggered terms. The Board of HACA exercises all powers granted to HACA.

At June 30, 2011, HACA was primarily engaged in providing safe and sanitary dwelling accommodations for the residents of the City of Alexandria through the administration of its Low Rent Public Housing, Housing Choice Voucher, Disaster Assistance Housing, Disaster Voucher and Veterans Affairs Supportive Housing Programs to low-income residents in the City of Alexandria.

Under the Low Rent Public Housing Program, HACA provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled Section 8 and Voucher programs) HACA provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance and the Disaster Voucher Housing Programs provide transitional assistance for families impacted by the events of hurricane storm damages. The Veterans Affairs Supportive Housing Program provides housing assistance to veterans.

Financial Reporting Entity

GASB Statements No. 14 and No. 39 establishes the criteria for determining which, if any, component units should be considered part of HACA for financial reporting purposes. The basic criterion for including a component unit within the reporting entity is financial accountability, which includes:

- 1. Appointing a majority of an organization's governing body, and;**
 - a. The ability of the government to impose its will on that organization and/or**
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.**

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, HACA has determined that the following component unit should be considered as part of HACA reporting entity:

The Alexandria Affordable Housing Corporation (AAHC) is a legally separate entity. This entity has facilitated demolition of HACA's rental units and redevelopment of rental units. The AAHC is providing services that benefit HACA because these services would be provided by HACA in the absence of the AAHC. AAHC is included through blended presentation.

HACA is a related organization of the City of Alexandria, Louisiana since the city appoints a voting majority of HACA's governing board. The City is not financially accountable for HACA as it cannot impose its will on HACA and there is no potential for HACA to provide financial benefit to, or impose financial burdens on, the City. Accordingly, HACA is not a component unit of the financial reporting entity of the City of Alexandria.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, HACA's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Specifically, the accounts of HACA are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. HACA applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. HACA's fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), HACA recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- HACA recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by HACA as deferred revenue upon award.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

**Measurement Focus and Basis of Accounting and Financial
Statement of Presentation**

HACA adopted the provisions of Government Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- ***Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial Statement of Presentation, Continued

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in HACA's operating statement. HACA's financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether HACA is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on HACA's operating statement. HACA used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Pursuant to GASB Statement No. 20, HACA has elected to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of HACA to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

Capital Assets

Capital assets are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HACA follows the practice of capitalizing all structures and equipment over \$500.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Structures and equipment are depreciated in the enterprise fund of HACA using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At June 30, 2011, it is managements assertion that there are no impairment of capital assets pursuant to GASB Statement No. 42.

Compensated Absences

HACA follows the Louisiana State Civil Service policies regarding compensated absences. Under those regulations, employees may accumulate three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

HACA prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HACA does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by HACA's Board of Commissioners.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, HACA considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of June 30, 2011 consisted of the following:

	Capital Fund Program	Low Rent Public Housing Program	Total
Tenant accounts receivable	\$ -0-	\$ 19,361	\$ 19,361
Operating and capital grants	2,146,140	-0-	2,146,140
Accrued interest	<u>-0-</u>	<u>700</u>	<u>700</u>
Sub-total	2,146,140	20,061	2,166,201
Less allowance for doubtful accounts	<u>-0-</u>	<u>(15,958)</u>	<u>(15,958)</u>
Total	<u>\$2,146,140</u>	<u>\$ 4,103</u>	<u>\$2,150,243</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Prepaid and Other Assets:

Prepaid and other assets at June 30, 2011, consisted of the following:

Inventory of materials	\$19,868
Prepaid expenses	<u>59,294</u>
	<u>\$79,162</u>

NOTE 4 - Capital Assets:

At June 30, 2011, capital assets consisted of the following:

<u>Description</u>	<u>As Previously Reported July 1, 2010</u>	<u>Net Change</u>	<u>Balance June 30, 2011</u>
Land and land improvements	\$ 2,098,343	\$ -0-	\$ 2,098,343
Building and building improvements	28,041,008	8,630,380	36,671,388
Automobile, furniture and equipment	1,281,109	193,658	1,474,767
Construction in progress	<u>3,610,027</u>	<u>(1,523,479)</u>	<u>2,086,548</u>
Sub-total	35,030,487	7,300,559	42,331,046
Less accumulated depreciation	<u>(20,463,957)</u>	<u>(1,567,915)</u>	<u>(22,031,872)</u>
Total	<u>\$ 14,566,530</u>	<u>\$ 5,732,644</u>	<u>\$ 20,299,174</u>

We were unable to provide the detail disclosure of capital asset activity between years as further discussed at audit findings reference numbers 2011-34 and 2011-35.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment:

At June 30, 2011, the carrying amount of HACA's deposits was \$309,642 and the bank balance was \$376,061. Of this amount \$250,000 was covered by federal depository insurance and the balance collateralized by a pledge of securities in the joint name of HACA and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, HACA's deposits may not be returned to it. HACA has no deposit policy for custodial risk; however, none of HACA's bank balances were expensed to custodial risk.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended June 30, 2011, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Cash and Temporary Cash Investment, Continued:

At June 30, 2011, cash and temporary cash investment consisted of the following:

	<u>Private Property Fund</u>	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Affordable Housing</u>	<u>Disaster Housing Assistance Program</u>	<u>Capital Fund Program</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand deposits	\$38,129	\$15	\$229,316	\$105	\$11,577	\$30,500	\$309,642	.017%	N/A
Total	\$38,129	\$15	\$229,316	\$105	\$11,577	\$30,500	\$309,642		

NOTE 6 - Restricted Cash:

At June 30, 2011, restricted cash consisted of \$46,457 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash is \$841,082 of housing assistance payments (HAP) reserved for future HAP payments. See NOTE 19 for additional discussion.

The total restricted cash of \$887,539 represents the carrying amount and bank balance at June 30, 2011. Further, the amount is collateralized as previously described in NOTE 5.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Investment:

At June 30, 2011, investment consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of deposit	\$ 6,344	\$ 6,344	3.35%	07-22-13
Certificate of deposit	6,344	6,344	3.35%	07-22-13
Certificate of deposit	<u>9,579</u>	<u>9,579</u>	3.35%	07-22-13
	<u>\$22,267</u>	<u>\$22,267</u>		

NOTE 8 - Amounts and Other Payables:

Amounts and other payables at June 30, 2011, consisted of the following:

	<u>Central Office Cost Center</u>	<u>Capital Fund Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Accounts payable-vendors	\$122,190	\$ -0-	\$ -0-	\$122,190
Accounts payable-other	-0-	5,104	113,999	119,103
Salaries payable	11,426	-0-	-0-	11,426
Accrued pilot payable	<u>50,252</u>	<u>-0-</u>	<u>-0-</u>	<u>50,252</u>
Total	<u>\$183,868</u>	<u>\$5,104</u>	<u>\$113,999</u>	<u>\$302,971</u>

NOTE 9 - Risk Management:

HACA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **HACA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Line of Credit:

At June 30, 2011, HACA is obligated to a bank for a line of credit advance totaling \$2,500,000 at an interest rate of 3.5% which matured on March 10, 2012.

NOTE 11 - Concentration of Credit Risk:

HACA receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, HACA's operating results could be adversely affected.

NOTE 12 - Contingencies:

HACA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to HACA. These examinations may result in required refunds by HACA to the agencies and/or program beneficiaries.

NOTE 13 - Commitments:

At June 30, 2011, HACA has executed agreements with HUD for various modernization, acquisitions and management improvement projects.

NOTE 14 - Compensated Absences Payable:

Compensated absences payable at June 30, 2011 of \$172,612 represents unpaid accrued vacation earned by employees.

<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<u>\$74,663</u>	<u>\$97,949</u>	<u>\$172,612</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - Per Diem to Board Members:

During the year ended June 30, 2011, no board member received per diem in his or her capacity as a commissioner.

NOTE 16 - Restatement of Beginning Net Assets:

Net assets at the beginning of the year has been restated to properly account for the effect of transactions resulting from equity transfers and the effect of prior period adjustments.

NOTE 17 - Retirement Plan:

HACA has two (2) retirement plans a 401(k) plan which is not active and a 457 retirement plan that is active. HACA's contribution to the plan is discretionary and determined by the Board of Commissioners.

Plan Funding

Funding for the Plan is through a discretionary contribution by HACA. Eligibility is based on full-time employment.

HACA gross payroll for participating employees for the year ended June 30, 2011 was \$973,436. HACA employee contributions made for the year ended June 30, 2011 was \$43,596.

NOTE 18 - Deferred Revenues:

At June 30, 2011 deferred revenues represents funds advanced to HACA for its Capital Funds Program.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - Restricted Net Assets:

At June 30, 2011, restricted net assets represent funds restricted to future payments on housing assistance payments.

NOTE 20 - Operating Losses:

For the year ended June 30, 2011, HACA incurred operating losses in its Asset Management Projects, Affordable Housing, Private and its Housing Voucher Programs.

The cumulative operating loss for the year ended June 30, 2011 was \$981,843. Management continues to function under a plan of cost containment coupled with revenue enhancement strategies.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA
(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

**Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana**

Our report on our audit of the June 30, 2011, financial statements of **Housing Authority of the City of Alexandria (HACA)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund condition, capital assets, grants receivable and net assets, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, and III) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from the resolution of the issues affecting interfund condition, capital assets, grants receivable and net assets, Schedules II and III are fairly stated in all material respects in the relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Also, the supplementary information (Exhibits I, II, III, and IV), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial. Except for the effects of adjustments, if any, as might have been determined to be necessary, Exhibits I, II, III and IV are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 29, 2012

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND
JUNE 30, 2011

ACCOUNT DESCRIPTION	Asset Management Protocol	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Rentals	Referrals	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Minor amounts only)
Current Assets												
Cash	\$ 15	\$ 30,500	\$229,316	\$ 105	\$ 38,129	\$ 298,063	\$ -0-	\$11,577	\$ 293,961	\$ -0-	\$ 11,577	\$ 309,642
Restricted cash	43,052	-0-	-0-	-0-	1,405	46,457	305,134	19,752	-0-	272,235	841,082	887,539
Accounts receivable - HUD	85,849	2,056,291	-0-	-0-	-0-	2,146,140	-0-	-0-	-0-	-0-	-0-	2,146,140
Tenant receivable, net of allowance	3,083	-0-	-0-	-0-	320	3,403	-0-	-0-	-0-	-0-	-0-	3,403
Accrued interest	700	-0-	-0-	-0-	-0-	700	-0-	-0-	-0-	-0-	-0-	700
Prepaid and other assets	-0-	43,789	15,503	-0-	-0-	59,294	-0-	-0-	-0-	-0-	-0-	59,294
Due from	396,664	-0-	109,608	407,149	9,822	923,243	-0-	-0-	-0-	-0-	-0-	923,243
Inventory - materials	19,868	-0-	-0-	-0-	-0-	19,868	-0-	-0-	-0-	-0-	-0-	19,868
Total current assets	554,231	2,130,580	354,429	407,254	49,576	3,497,170	305,134	31,329	293,961	272,235	852,659	4,149,829
Noncurrent Assets												
Investment	22,267	-0-	-0-	-0-	-0-	22,267	-0-	-0-	-0-	-0-	-0-	22,267
Capital assets, net	9,345,512	10,817,452	18,925	-0-	117,283	20,298,523	651	-0-	-0-	-0-	651	20,299,174
Total non-current assets	9,367,779	10,817,452	18,925	-0-	117,283	20,320,790	651	-0-	-0-	-0-	651	20,321,441
Total assets	9,922,010	12,948,032	373,354	407,254	166,859	35,817,960	305,785	31,329	293,961	272,235	853,310	26,671,270

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINED STATEMENT OF NET ASSETS-ENTERPRISE FUND, CONTINUED
JUNE 30, 2011

	Asset Management Programs	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Liabilities:												
Current Liabilities:												
Accounts payable	\$ -0-	\$ -0-	\$ 122,190	\$ -0-	\$ -0-	\$ 122,190	\$ 113,999	\$ -0-	\$ -0-	\$ -0-	\$ 113,999	\$ 236,189
Accrued interest payable	-0-	5,104	-0-	-0-	-0-	5,104	-0-	-0-	-0-	-0-	-0-	5,104
Due to	69,460	252,460	361,053	-0-	-0-	682,973	249,619	11,577	-0-	-0-	261,196	944,174
Line of credit	-0-	2,500,000	-0-	-0-	-0-	2,500,000	-0-	-0-	-0-	-0-	-0-	2,500,000
Accrued salaries and taxes	-0-	-0-	11,426	-0-	-0-	11,426	-0-	-0-	-0-	-0-	-0-	11,426
Accrued compensated absences	31,393	-0-	16,328	-0-	880	48,603	26,060	-0-	-0-	-0-	26,060	74,663
Accrued pilot	50,252	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	50,252
Deferred revenue	2,827	13,762	-0-	-0-	200	16,789	-0-	-0-	-0-	-0-	-0-	16,789
Tenant security deposit	43,052	-0-	-0-	-0-	1,463	46,517	-0-	-0-	-0-	-0-	-0-	46,517
Total current liabilities	198,985	2,771,326	511,002	-0-	2,483	3,483,799	389,678	11,577	-0-	-0-	401,255	3,885,054
Non-current liabilities:												
Accrued compensated absences non-current	51,424	-0-	17,537	-0-	923	69,903	28,046	-0-	-0-	-0-	28,046	97,949
Total non-current liabilities	51,424	-0-	17,537	-0-	923	69,903	28,046	-0-	-0-	-0-	28,046	97,949
Total liabilities	250,410	2,771,326	528,539	-0-	3,407	3,553,702	417,724	11,577	-0-	-0-	429,301	3,983,003

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND, CONTINUED
JUNE 30, 2011

ACCOUNT DESCRIPTION	Assets Management Properties	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum) Only
Net Assets:												
Invested in capital assets, net of related debt	\$9,343,512	\$ 0,317,482	\$ 18,326	\$ -0-	\$117,203	\$17,798,523	\$ 631	\$ -0-	\$ -0-	\$ -0-	\$ 631	\$17,799,174
Restricted net assets	-0-	-0-	-0-	-0-	-0-	-0-	303,134	19,752	293,961	222,235	841,082	841,082
Unrestricted net assets	377,088	1,359,254	(174,130)	497,254	462,692	2,465,723	(417,724)	-0-	-0-	-0-	(417,724)	2,048,011
Total net assets	\$ 9,672,600	\$10,176,736	\$153,894	\$497,254	\$163,572	\$20,264,258	\$111,939	\$19,752	\$293,961	\$222,235	\$ 424,009	\$20,688,267

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Asset Management Funds	Capital Fund Programs	General Office Cost Center	Allocable Reserve	Enterprise	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Assessments) Other
Operating Revenues:												
Dwelling rental	\$ 640,031	\$ -	\$ 23,953	\$ -	\$ 36,153	\$ 700,149	\$ -	\$ -	\$ -	\$ 60,113	\$ -	\$ 700,149
FUND operating grants	1,380,146	1,007,472	-	-	-	2,387,618	3,841,641	-	-	-	3,901,754	6,297,372
Administrative and other fees earned	-	-	292,156	-	-	292,156	363,015	1,774	-	-	364,789	638,915
Total operating revenues	2,020,177	1,007,472	316,119	-	36,153	3,387,923	4,406,666	1,774	-	60,113	4,468,313	7,856,676
Operating Expenses:												
Salaries and employee benefits	1,313,256	-	280,158	-	40,812	1,533,226	566,526	21,512	-	25,461	613,499	2,146,725
Material and other	101,005	-	8,112	-	432	110,149	2,737	-	-	-	2,737	112,886
Contractual services	419,535	142,500	40,169	-	10,846	612,070	15,471	-	-	-	15,471	627,541
Utilities	91,328	-	13,911	-	-	107,469	12,495	-	-	-	12,495	120,964
Depreciation	1,480,627	134,632	9,381	-	6,443	1,624,883	3,599	-	-	-	3,599	1,628,482
Insurance	303,468	-	47,214	-	4,649	455,401	21,103	-	-	62,464	21,103	458,568
Housing assistance payments	-	-	-	-	-	-	3,604,355	19,390	-	-	3,623,745	3,623,745
Office rent	24,000	-	12,000	-	-	36,000	-	-	-	-	-	36,000
Maintenance/repairs	1,058	-	-	-	-	1,058	-	-	-	-	-	1,058
Convention and travel	5,035	-	4,039	-	60	9,134	1,018	68	-	63	1,154	10,285
Telephone	30,546	-	11,810	-	-	42,356	107	-	-	-	107	42,463
Rent debt expense	48,878	-	-	-	-	48,878	-	-	-	-	-	48,878
Payment in lieu of taxes	68,819	-	-	-	-	68,819	-	-	-	-	-	68,819
Portability fees	-	-	-	-	-	-	6,614	-	-	-	6,614	6,614
Supplies	8,363	-	3,256	-	56	11,675	6,699	32	-	49	6,776	18,275
Printing	2,911	-	196	-	-	3,107	-	-	-	-	-	3,107
Publication	2,785	-	2,391	-	-	5,176	-	-	-	-	-	5,176
Tenant services	-	-	1,482	-	-	1,482	-	-	-	-	-	1,482
Membership dues and fees	4,820	-	2,031	-	-	6,851	-	-	-	-	-	6,851
Bank charges	-	-	811	-	4	815	-	-	-	-	-	815
General	15,531	-	4,815	-	2,420	22,771	43,072	6,164	-	8,538	37,373	62,583
Total operating expenses	2,901,593	267,132	444,006	1	63,372	3,676,063	4,488,459	47,336	-	98,594	4,621,989	9,310,702

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

	Asset Management Projects	Capital Fund Projects	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum) Debit
Operating (Loss)	\$ (1,873,416)	\$ 740,340	\$ (177,587)	\$ (0)	\$ (29,367)	\$ (1,290,340)	\$ (81,753)	\$ (4,612)	\$ -	\$ (1,481)	\$ (163,860)	\$ (1,654,226)
Non-operating revenue:												
Interest income	1,423	334	212	-	23	1,992	613	32	-	198	869	2,855
Other income	43,469	-	111	-	-	43,580	-	-	-	-	-	43,580
Proceeds from insurance claims	8,640	-	33	-	-	8,693	-	-	-	-	-	8,693
Flood recovery	-	-	-	-	-	-	21,946	-	-	-	21,946	21,946
Other income Legacy Heights reimbursement	-	-	681,789	-	-	681,789	-	-	-	-	-	681,789
Total non-operating revenues	\$ 52	\$ 34	\$ 682,163	\$ -	\$ 23	\$ 786,054	\$ 21,553	\$ 32	\$ -	\$ 198	\$ 73,853	\$ 799,853
Operating transfers in (out)	1,897,472	1,897,472	-	-	-	-	-	-	-	-	-	-
Capital contributions HUD capital grants	-	7,129,462	-	-	-	7,129,462	-	-	-	-	-	7,129,462
Total capital contributions	-	7,129,462	-	-	-	7,129,462	-	-	-	-	-	7,129,462
Change in net assets	(812,416)	6,852,671	554,278	(0)	(29,344)	6,575,183	(33,234)	(45,560)	-	(36,263)	(140,077)	6,435,106
Net assets, beginning or year, as received	10,485,814	3,314,063	(710,880)	497,463	192,416	13,688,672	(33,269)	69,312	289,963	538,518	364,084	14,053,161
Net assets (deficit), end of year	\$ 9,673,398	\$ 10,176,734	\$ (156,602)	\$ 497,463	\$ (13,927)	\$ 13,655,433	\$ (111,593)	\$ 19,752	\$ 289,963	\$ 472,255	\$ 1,224,007	\$ 15,079,467

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUND—CAPITAL FUND PROGRAMS
JUNE 30, 2011**

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
<u>ACCOUNT DESCRIPTION</u>				
Current Assets:				
Cash	\$ -0-	\$ -0-	\$ 30,500	\$ 30,500
Restricted cash	-0-	-0-	-0-	-0-
Accounts receivable - HUD	565,139	-0-	1,491,152	2,056,291
Tenant receivable, net of allowance	-0-	-0-	-0-	-0-
Accrued interest	-0-	-0-	-0-	-0-
Prepaid and other assets	-0-	20,706	23,083	43,789
Due from	-0-	-0-	-0-	-0-
Inventory - materials	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total current assets	565,139	20,706	1,544,735	2,130,580
Non-current assets:				
Investment	-0-	-0-	-0-	-0-
Capital assets, net	<u>4,450,050</u>	<u>1,137,040</u>	<u>5,230,392</u>	<u>10,817,482</u>
Total non-current assets	<u>4,450,050</u>	<u>1,137,040</u>	<u>5,230,392</u>	<u>10,817,482</u>
Total assets	<u>5,015,189</u>	<u>1,157,746</u>	<u>6,775,127</u>	<u>12,948,062</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUND—CAPITAL FUND PROGRAMS, CONTINUED
JUNE 30, 2011

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Liabilities.				
Current Liabilities.				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Accrued interest payable	-0-	-0-	5,104	5,104
Due to	1,205,885	20,706	(974,131)	252,460
Line of credit	-0-	-0-	2,500,000	2,500,000
Accrued salaries and taxes	-0-	-0-	-0-	-0-
Accrued compensated absence	-0-	-0-	-0-	-0-
Accrued pilot	-0-	-0-	-0-	-0-
Deferred revenue	-0-	-0-	13,762	13,762
Tenant security deposit	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total current liabilities	<u>1,205,885</u>	<u>20,706</u>	<u>1,544,735</u>	<u>2,771,326</u>
Non-current liabilities:				
Accrued compensated absence - noncurrent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>1,205,885</u>	<u>20,706</u>	<u>1,544,735</u>	<u>2,771,326</u>
Net Assets:				
Invested in capital assets, net of related debt	4,450,050	1,137,040	2,730,392	8,317,482
Restricted net assets	-0-	-0-	-0-	-0-
Unrestricted net assets	<u>(640,746)</u>	<u>-0-</u>	<u>2,500,000</u>	<u>1,859,254</u>
Total net assets	<u>\$3,809,304</u>	<u>\$1,137,040</u>	<u>\$5,230,392</u>	<u>\$10,176,736</u>

See Independent Auditors' on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS - ENTERPRISE FUND
CAPITAL FUND PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Operating Revenues:				
Dwelling rental	\$ -0-	\$ -0-	\$ -0-	\$ -0-
HUD operating grants	434,607	-0-	572,865	1,007,472
Administrative and other fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating revenues	<u>434,607</u>	<u>-0-</u>	<u>572,865</u>	<u>1,007,472</u>
Operating Expenses:				
Salaries and employee benefits	-0-	-0-	-0-	-0-
Materials and other	-0-	-0-	-0-	-0-
Contractual services	142,500	-0-	-0-	142,500
Utilities	-0-	-0-	-0-	-0-
Depreciation	124,632	-0-	-0-	124,632
Insurance	-0-	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-	-0-
Office rent	-0-	-0-	-0-	-0-
Maintenance/repairs	-0-	-0-	-0-	-0-
Convention and travel	-0-	-0-	-0-	-0-
Telephone	-0-	-0-	-0-	-0-
Bad debt expense	-0-	-0-	-0-	-0-
Payment in lieu of taxes	-0-	-0-	-0-	-0-
Portability fees	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-
Postage	-0-	-0-	-0-	-0-
Publication	-0-	-0-	-0-	-0-
Tenant services	-0-	-0-	-0-	-0-
Membership dues and fees	-0-	-0-	-0-	-0-
Bank charges	-0-	-0-	-0-	-0-
General	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating expenses	<u>267,132</u>	<u>-0-</u>	<u>-0-</u>	<u>267,132</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS - ENTERPRISE FUND
CAPITAL FUND PROGRAMS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Operating income	\$ <u>167,475</u>	\$ <u>-0-</u>	\$ <u>572,865</u>	\$ <u>740,340</u>
Non-operating revenues:				
Interest income	334	-0-	-0-	334
Other income	-0-	-0-	-0-	-0-
Proceeds from insurance claim	-0-	-0-	-0-	-0-
Fraud recovery	-0-	-0-	-0-	-0-
Other income Legacy Heights reimbursement	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total non-operating revenues	<u>334</u>	<u>-0-</u>	<u>-0-</u>	<u>334</u>
Operating transfers in (out)	(434,607)	-0-	(572,865)	(1,007,472)
Capital Contributions:				
HUD capital grants	<u>762,037</u>	<u>1,137,040</u>	<u>5,230,392</u>	<u>7,129,469</u>
Total capital contributions	<u>762,037</u>	<u>1,137,040</u>	<u>5,230,392</u>	<u>7,129,469</u>
Change in net assets	<u>495,239</u>	<u>1,137,040</u>	<u>5,230,392</u>	<u>6,862,671</u>
Net assets, beginning of year, as restated	<u>3,314,065</u>	<u>-0-</u>	<u>-0-</u>	<u>3,314,065</u>
Net assets (deficit), end of year	<u>\$3,809,304</u>	<u>\$1,137,040</u>	<u>\$5,230,392</u>	<u>\$10,176,736</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE J

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 1,388,146
Capital Fund Program	14.872	1,196,644
Capital Fund Competitive Stimulus Grant	14.884	5,803,257
Capital Fund Stimulus Grant	14.885	1,137,040
Housing Choice Voucher Program	14.871	4,406,666
Disaster Housing Assistance Program	97.036	1,774
Veteran Affairs supportive Housing Program	14.871	<u>60,113</u>
Total		<u>\$13,993,640</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HACA and is presented on a n accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET
JUNE 30, 2011**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
111	Cash-Unrestricted	\$ 298,065	\$ 11,577	\$ 309,642
115	Cash restricted	<u>46,457</u>	<u>841,082</u>	<u>887,539</u>
100	Total cash	<u>344,522</u>	<u>852,659</u>	<u>1,197,181</u>
122	Accounts receivable - HUD	2,146,140	-0-	2,146,140
126	Tenant receivable, net of allowance	3,403	-0-	3,403
129	Accrued interest	700	-0-	700
131	Investment	22,267	-0-	22,267
142	Prepaid and other assets	59,204	-0-	59,204
143	Inventory - materials	19,868	-0-	19,868
144	Due from	<u>923,243</u>	<u>-0-</u>	<u>923,243</u>
150	Total current assets	<u>3,519,437</u>	<u>852,659</u>	<u>4,372,096</u>
161	Land	2,098,343	-0-	2,098,343
162	Building	36,671,388	-0-	36,671,388
163	Furniture, equipment and machinery- dwelling	1,147,906	39,231	1,187,137
164	Furniture, equipment and machinery- administration	280,664	6,966	287,630
166	Accumulated depreciation	(21,986,326)	(45,546)	(22,031,872)
167	Construction in process	<u>2,086,548</u>	<u>-0-</u>	<u>2,086,548</u>
160	Total capital assets, net of accumulated depreciation	<u>20,298,523</u>	<u>651</u>	<u>20,299,174</u>
180	Total non-current assets	<u>20,298,523</u>	<u>651</u>	<u>20,299,174</u>
190	Total assets	<u>573,817,960</u>	<u>\$853,310</u>	<u>\$24,671,270</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET, CONTINUED
JUNE 30, 2011

LINE ITEM NO.	ACCOUNT DESCRIPTION	TOTAL PROJECTS	TOTAL PROGRAMS	TOTAL (MEMORANDUM ONLY)
312	Accounts payable	\$ 122,190	\$ 113,999	\$ 236,189
321	Accrued salaries and taxes	11,426	-0-	11,426
322	Accrued compensated absence	48,603	26,060	74,663
325	Accrued interest payable	5,104	-0-	5,104
341	Tenant security deposit	46,457	-0-	46,457
342	Deferred revenue	16,789	-0-	16,789
346	Accrued liabilities - other	50,252	-0-	50,252
347	Due to	682,978	261,196	944,174
348	Line of credit	<u>2,500,000</u>	<u>-0-</u>	<u>2,500,000</u>
310	Total current liabilities	<u>3,483,792</u>	<u>401,255</u>	<u>3,885,047</u>
354	Accrued compensated absence non-current	<u>69,903</u>	<u>28,046</u>	<u>97,949</u>
390	Total non-current liabilities	<u>69,903</u>	<u>28,046</u>	<u>97,949</u>
300	Total liabilities	<u>3,553,702</u>	<u>429,301</u>	<u>3,983,003</u>
508.1	Investment in capital assets, net of related debt	17,798,523	651	17,799,174
511.1	Restricted net assets	-0-	841,082	841,082
512.1	Unrestricted net assets	<u>2,465,735</u>	<u>(417,724)</u>	<u>2,048,011</u>
513	Total equity/net assets	<u>20,264,258</u>	<u>424,002</u>	<u>20,688,267</u>
	Total liabilities equity/net assets	<u>\$23,817,960</u>	<u>\$ 853,310</u>	<u>\$24,671,270</u>

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011**

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Submitts Grant	Capital Fund Submitts Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
70300	Net tenant rental revenue	\$ 700,149	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 700,149	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 700,149
70500	Total tenant revenue	700,149	-0-	-0-	-0-	-0-	700,149	-0-	-0-	-0-	-0-	-0-	700,149
70600	HUD PHA operating grants	1,388,146	434,607	-0-	-0-	-0-	2,395,618	3,841,641	-0-	-0-	60,113	3,901,754	6,297,372
70600-0210	Ongoing administrative fees earned	-0-	-0-	-0-	-0-	-0-	-0-	564,762	-0-	-0-	-0-	564,762	564,762
70610	Capital grants	-0-	762,037	1,137,040	5,230,392	-0-	7,129,469	-0-	-0-	-0-	-0-	-0-	7,129,469
70710	Management fees	211,444	-0-	-0-	-0-	-0-	211,444	-0-	-0-	-0-	-0-	-0-	211,444
70720	Assets management fees	38,500	-0-	-0-	-0-	-0-	38,500	-0-	-0-	-0-	-0-	-0-	38,500
70750	Other fees	42,212	-0-	-0-	-0-	-0-	42,212	263	1,774	-0-	-0-	2,037	44,249
70700	Total fee revenue	292,156	762,037	1,137,040	5,230,392	-0-	7,421,624	365,025	1,774	-0-	-0-	566,792	7,988,424
71100	Investment income - unrestricted	1,638	134	-0-	-0-	-0-	1,992	613	53	-0-	198	853	2,845
71400	Fraud recovery	-0-	-0-	-0-	-0-	-0-	-0-	22,946	-0-	-0-	-0-	22,946	22,946
71500	Other revenue	734,063	-0-	-0-	-0-	-0-	734,063	-0-	-0-	-0-	-0-	-0-	734,063
7000	Total revenue	3,116,171	1,196,978	1,137,040	5,693,257	-0-	11,253,446	4,430,223	1,826	-0-	60,311	4,492,362	15,745,808

See Independent Auditors' Report for Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Tenants Programs	Total (Macromotion Only)
91100	Administrative salaries	\$ 576,537	\$ -	\$ -	\$ -	\$ -	\$ 576,537	\$430,543	\$19,963	\$ -	\$ 23,803	\$474,309	\$1,050,846
91200	Auditing fees	36,294	-	-	-	-	36,294	2,535	-	-	-	2,535	38,829
91300	Management fees	194,205	-	-	-	-	194,205	-	-	-	-	-	194,205
91500	Employee benefit contributions-administrative	320,304	-	-	-	-	320,304	110,124	1,549	-	1,638	113,331	431,635
91600	Office expenses	57,138	-	-	-	-	57,138	6,606	52	-	49	6,707	63,845
91700	Legal	33,001	-	-	-	-	33,001	7,049	-	-	-	7,049	40,050
91800	Travel	9,134	-	-	-	-	9,134	1,018	68	-	68	1,154	10,288
91900	Other	148,502	-	-	-	8	148,517	1,851	-	-	-	1,851	150,368
91000	Total operating administrative	1,375,122	-	-	-	8	1,375,130	559,726	21,632	-	25,578	606,936	1,932,066
92000	Asset management	35,640	-	-	-	-	35,640	-	-	-	-	-	35,640
92400	Tenant services other	1,482	-	-	-	-	1,482	-	-	-	-	-	1,482
	Total tenant services	1,482	-	-	-	-	1,482	-	-	-	-	-	1,482
93100	Water	78,723	-	-	-	-	78,723	-	-	-	-	-	78,723
93200	Electric	25,763	-	-	-	-	25,763	13,495	-	-	-	13,495	39,258
93300	Gas	3,483	-	-	-	-	3,483	-	-	-	-	-	3,483
93000	Total utilities	107,469	-	-	-	-	107,469	13,495	-	-	-	13,495	120,964

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
94100	Ordinary maintenance and operations-labor/valves	\$ 497,668	\$ -	\$ -	\$ -	\$ -	\$ 497,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497,668
94200	Ordinary maintenance and operations-materials and other	84,545	-	-	-	-	84,545	2,737	-	-	-	2,737	87,282
94300-020	Ordinary maintenance and operations-contracts heating and cooling contracts	1,150	-	-	-	-	1,150	-	-	-	-	-	1,150
94300-050	Ordinary maintenance and operations-landscape and grounds contracts	-	142,500	-	-	-	142,500	-	-	-	-	-	142,500
94300-600	Ordinary maintenance and operations unit turnaround contracts	11,509	-	-	-	-	11,509	-	-	-	-	-	11,509
94300-080	Ordinary maintenance and operations plumbing contracts	3,246	-	-	-	-	3,246	-	-	-	-	-	3,246
94300-090	Ordinary maintenance and operations extermination contracts	14,826	-	-	-	-	14,826	-	-	-	-	-	14,826
94300-120	Ordinary maintenance and operations miscellaneous contracts	22,839	-	-	-	-	22,839	3,736	-	-	-	3,736	26,575
94500	Ordinary maintenance and operations employee benefits	82,066	-	-	-	-	82,066	-	-	-	-	-	82,066
94000	Total maintenance and operations	711,842	142,500	-	-	-	850,342	6,473	-	-	-	6,473	856,822

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Child)
95100	Protective services - other contract costs	\$ 5,351	\$ -	\$ -	\$ -	\$ -	\$ 5,351	\$ 300	\$ -	\$ -	\$ -	\$ 300	\$ 5,651
95300	Protective services-material	25,604	-	-	-	-	25,604	-	-	-	-	-	25,604
95500	Total protective services	30,955	-	-	-	-	30,955	300	-	-	-	300	31,255
96110	Property insurance	240,766	-	-	-	-	240,766	3,890	-	-	-	3,890	244,656
96120	Liability insurance	102,751	-	-	-	-	102,751	10,630	-	-	-	10,630	113,381
96130	Worker's compensation	56,651	-	-	-	-	56,651	25,839	-	-	-	25,839	82,510
96140	All other insurance	91,884	-	-	-	-	91,884	6,643	-	-	-	6,643	98,527
96100	Total insurance premiums	492,052	-	-	-	-	492,052	47,022	-	-	-	47,022	539,074
96200	Other general expenses	33,548	-	-	-	-	33,548	31,986	6,164	-	6,255	66,403	101,553
96300	Payment in lieu of taxes	68,819	-	-	-	-	68,819	-	-	-	-	-	68,819
96400	Bad debt - tenant rents	48,878	-	-	-	-	48,878	-	-	-	-	-	48,878
96000	Total other general expenses	151,245	-	-	-	-	151,245	31,986	6,164	-	6,255	66,403	219,680
96900	Total operating expenses	2,913,814	147,500	-	-	8	3,066,322	681,003	27,796	-	31,833	740,631	3,796,953
97000	Excess (deficiency) of revenues over operating expenses	202,357	1,054,478	1,117,040	5,893,257	(8)	8,197,124	3,749,221	(25,970)	-	28,478	3,751,721	11,948,653
97100	Extraordinary maintenance	1,058	-	-	-	-	1,058	-	-	-	-	-	1,058

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
97300	Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,802,038	\$19,520	\$ -	\$64,761	\$3,886,499	\$3,886,499
97400	Depreciation expenses	1,496,251	124,632	-	-	-	1,620,883	5,392	-	-	-	5,392	1,626,275
90000	Total expenses	4,411,123	267,132	-	-	-	4,678,255	4,488,452	47,386	-	56,594	4,672,432	9,310,793
10010	Operating transfer in	1,007,472	-	-	-	-	-	-	-	-	-	-	1,007,472
10020	Operating transfer out	-	(434,607)	-	-	-	-	-	-	-	-	-	(1,007,472)
	Total other financing sources (net)	1,007,472	(434,607)	-	-	-	-	-	-	-	-	-	-
97000	Excess (deficiency) of revenues over under expense	\$ (287,480)	\$ 495,219	\$ (1,137,040)	\$ (230,392)	\$ (0)	\$ 6,575,183	\$ (8,234)	\$ (45,550)	\$ -	\$ (5,283)	\$ (140,077)	\$ 6,435,106
11030	Beginning equity/net assets	8,171,533	3,610,027	-	-	393,415	12,174,975	2,309	-	293,961	239,498	535,768	12,712,743
11040	Prior period adjustments, equity transfers and correction of errors	1,796,315	(293,962)	-	-	11,847	1,512,100	(56,014)	65,312	-	19,020	29,318	1,540,418
	Beginning equity/net assets, as adjusted	\$9,967,848	\$3,316,065	\$ -	\$ -	\$ (407,262)	\$13,689,075	\$ (53,705)	\$ 65,312	\$ (93,961)	\$ (35,263)	\$ 364,086	\$14,253,161

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINED INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Scholarships Grant	Capital Fund Competitive Scholarships Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
11170	Administrative fee equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11180	Housing assistance payment equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$105,134	\$19,722	\$293,961	\$22,233	\$241,082	\$241,082
11190	Unit months available	4,934	-0-	-0-	-0-	133	2,066	9,502	-0-	-0-	620	9,522	14,988
11210	Number of unit months leased	4,144	-0-	-0-	-0-	133	4,276	9,453	-0-	-0-	251	9,706	19,161
11270	Excess cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	N/A	N/A	N/A	N/A	N/A	N/A
11620	Building purchases	\$ -0-	\$228,672	\$1,161,713	\$5,300,323	\$ -0-	\$7,260,719	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$7,260,719
11630	Furniture and equipment - dwelling	\$22,204	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$22,204	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$22,204
11640	Furniture and equipment - administrative	\$17,636	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$17,636	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$17,636

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana**

We have audited the financial statements of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2011, and have issued our report thereon dated March 29, 2012. Except for HACA's inability at March 29, 2012, to resolve issues related to capital assets, net assets and interfund out of balance condition, and subject to the ultimate resolution in capital funds in the amount of \$639,613 collected by HUD and reimbursement of \$2,500,000 in a line of credit secured by HACA, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HACA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of HACA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of HACA's internal control over financial reporting.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the subsequent paragraph, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As previously discussed, we have described in the accompanying Summary Schedule of Findings and Questioned Costs items 2011-03, 2011-04, 2011-08 through 2011-13 and 2011-16 as deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of HACA's financial statements will not be prevented, or detected and corrected on a timely basis.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Further, as previously discussed, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined. We considered the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-01, 2011-02, 2011-05, 2011-06, 2011-07 and 2011-14 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of HACA in a separate letter dated March 29, 2012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HACA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2011-15.

HACA's responses to the findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's responses and, accordingly, we express no opinion on them

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

This report is intended solely for the information and use of HACA's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 29, 2012



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana**

Compliance

We have audited the compliance of **Housing Authority of the City of Alexandria (HACA)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of HACA's major federal programs for the year ended June 30, 2011. HACA's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of HACA's management. Our responsibility is to express an opinion on HACA's compliance based on our audit.

Except for HACA's inability at March 29, 2012, to resolve issues related to capital assets, net assets, and the interfund out of balance condition and subject to the ultimate resolution of capital funds in the amount of \$639,613 collected by HUD and reimbursement of \$2,500,000 in a line of credit secured by HACA, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HACA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HACA's compliance with those requirements.

Because of the nature of certain records as further described in our findings reference numbers 2011-35, and 2011-36 for certain transactions executed during 2011, we were unable to obtain sufficient documentation to support HACA's compliance with the requirements of reporting and allowable costs.

Compliance with such requirements is necessary in our opinion, for HACA to comply with the requirements applicable to its programs.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine evidence regarding HACA's compliance with reporting, and allowable costs, HACA complied in all material respects, with the compliance requirements previously referred to that could have a direct and material effect on its major federal programs for the year ended March 29, 2012. Also, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-17 through 2011-30.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance

Management of HACA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered HACA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HACA's internal control over compliance.

Our consideration of internal control over compliance was for a limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in HACA's internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in HACA's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

Also, as previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-33 and 2011-34 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by HACA on a timely basis. As previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-31, 2011-32, 2011-35 and 2011-36 to be material weaknesses, as defined above.

HACA's responses to the findings in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of HACA's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 29, 2012

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.872	Capital Fund Program
14.884	Capital Fund Competitive Stimulus Grant
14.885	Capital Fund Stimulus Grant

Dollar threshold used to distinguish
between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? **No**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2011-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Our review of the current design and operation of HACA's internal control revealed the following significant conditions:

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-01

Context

Total amount of federal awards expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA has not developed and implemented formal policies and procedures to ensure the safeguarding of assets. Further, there are no implemented design and documentation of internal controls.

Recommendation

Management should develop and formalize its accounting policies and procedures.

In addition, HACA should undertake a complete risk assessment of its operations aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the implementation of an effective and efficient design and operation of its internal controls.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-01

Management's Response and Planned Corrective Action

All actions listed below were started after it was brought to the attention (12/2011) of the staff that these accounts must be reviewed and reconciled monthly:

- o Seek training for the current staff in the weak areas so that they can fulfill their assigned functions.
- o Continue writing and revising policies and procedures.
- o Identify the significant accounts that should be reconciled on a monthly basis.
- o Upon reconciliation of accounts print necessary documents that back-up the reconciled balances.
- o Have these reconciled accounts signed off on by the Executive Director.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by HACA's fee accountant for the year ended June 30, 2011, revealed the following significant conditions:

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Further, management was unable to provide us with detail supporting documentation for the following selected general ledger accounts: HUD grants receivable \$89,849 (various "AMPs"), Green Grant deferred charges of \$23,080 (Capital Fund), "AARA" grant deferred charges of \$20,707 (Capital Fund) deferred credit of \$13,762 (Capital Fund) and Legacy Heights reimbursements of \$681,789 (Central Office Costs Center).

- o General ledger account balances such as vendor transactions at June 30, 2011, were lumped into one general ledger account without adequate account detail to facilitate our testing.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-02

Condition, Continued

- o At June 30, 2011, interfund activities reflected a net out-of-balance condition of \$20,931. Further, we noted account balances for interfund activities that were reported in the general ledger contrary to their respective normal account balances.
- o Also noted unreconciled differences in the beginning (July 1, 2010) and ending (June 30, 2011) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification. At March 29, 2012, our request for an analysis of net assets remains outstanding.
- o The general ledger for June 30, 2011, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended June 30, 2011 was \$13,993,640.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-02

Effect or Potential Effect

The effect or potential effect include:

- o Potential misstatement in recorded financial transactions.
- o Noncompliance with the requirements of HUD regulations and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of in-house capacity and systems in place to facilitate the timely analysis and review to ensure the completeness of all executed financial transactions.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

All actions listed below were started on July 1, 2011:

- o All supporting documentation will accompany the journal entries that are keyed into the system on a monthly basis.
- o HACA will not use a process of lumping numbers together in the future in order to create a paper trail and clearer understanding for the auditor.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-03

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA**.

Condition

The results of our review of cash disbursement transactions for the month of October 2010 (month judgementally selected for testing), revealed the following conditions:

- o Invoice for one (1) of the eighteen (18) transactions tested was not canceled to avoid the potential for duplicate use.
- o We were unable in one (1) of eighteen (18) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o Bid or procurement package in one (1) of the eighteen (18) transactions tested was not available for testwork.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-03

Condition, Continued

- o HACA was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
- o We noted no allocation of cost for one (1) of eighteen (18) transactions tested.
- o We were unable to verify the authorized signature of one (1) of eighteen (18) transactions tested, as the signed cancelled check was not provided for review.

Questioned Costs

\$16,520.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Deficiencies in HACA's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-03

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Management's Response and Planned Corrective Action

In the future all voided invoices will be stamped voided in an event that it has already been stamped "entered" we will mark through the "entered" stamp and stamp "void" with initials to accompany the change.

HACA will view/print the HUD debarred list to ensure that vendors being used are not on the list.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-04

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

Our testing of six (6) employee files for payroll transactions executed during the month of October 2010 (month judgementally selected for testing), revealed the following conditions:

- o Lack of a written payroll procedure to include an updated personnel Handbook.
- o Unapproved leave request forms or incomplete clock in/out procedures for six (6) of six (6) employees tested.
- o Leave information was not adequately tracked to ensure completeness. Based on testwork performed, we were unable to agree leave approved and used for October 8, 2010 (pay date) to leave charged for October 22, 2010 (pay date) for tested employees.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-04

Condition, Continued

- o Payroll is paid through the payroll payment date which requires estimating the last payroll day. Additionally, payroll is processed based on an estimated eighty (80) hours without the benefit of approved time sheets and leave used through the pay date. Any applicable adjustments for hours worked and/or leave used are reported on the subsequent payroll date.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Potential for overpayment in employee compensation.

Cause

Lack of an effective personnel administration process in place to include the current established practice of accounting for payroll and leave.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-04

Recommendation

Management should review and implement changes to HACA's personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all personnel cost, and to provide for the maintenance of all required documents to include the necessary supervisory approvals.

Management's Response and Planned Corrective Action

Management will undertake the following actions:

- o Continue writing and revising policies and procedures.
- o Re-enforce policies and procedures.
- o Make a check-list to ensure that all necessary hiring forms are filled out upon being hired at HACA.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-05

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, capital assets, prepaid assets, revenues, expenses, etc.

Condition

The operating bank account reconciliations for October 2010 and June 2011, revealed the following conditions:

- o The bank account reconciliations were incomplete because the ending balances as reflected on the reconciliations did not agree to their respective general ledger account balances. Further, the reconciliations lacked detail supporting schedules for reconciling items such as outstanding checks, deposits in transit etc.

For October 2010 (month judgementally selected for testing), we noted inconsistencies between transactions reported on the general ledger and that reported on HACA's transaction Edit Listing.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-05

Condition, Continued

- o Likewise, we noted an unreconciled difference between the cash balance reported on the bank account reconciliation and the cash balance reported in the general ledger of Legacy Height program for October 2010.
- o We also noted that the accounting staff have unsupervised access to the signature plates when the custodian of the plate is not present during its use. Further, we noted limited segregation of duties in the cash disbursement processes within the Accounting Department.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Completeness in prepared general ledger account reconciliations.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-05

Cause

Transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of bank account reconciliations. In addition, the size of personnel in the accounting department impacts the level of segregation of duties.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of bank account reconciliations to include the resolution of resulting differences.

All processed checks requiring the use of the signature plate, should be performed in the presence of the custodian of the plate at all times.

Management's Response and Planned Corrective Action

The corrective actions are in place currently. These items have been in place however, for the months stated, the necessary information was no longer attached as documentation.

Further, management will undertake the following:

- o Ensure that upon completion of reconciling accounts, there is necessary detailed documentation.
- o Reconcile the transaction edit listing to the general ledger monthly to ensure that all items are being accounted for.
- o The cash bank reconciliations will continue to be completed by the accounting staff by the 10th of the month. The Executive Director will sign off on the statements proving that he/she has reviewed them.
- o The accounting staff has two employees that carry the business of HACA. We have some procedures in place that speak to separation/limited segregation of duties.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-06

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2011 revealed the following conditions:

- o Management of HACA was unable to provide us with a complete detail of the description, date of acquisition and/or disposition where applicable, and associated cost for its capital assets as of June 30, 2011. In addition, HACA did not have a detail depreciation schedule to facilitate our testing for completeness in recorded amounts.
- o No maintenance of complete capital assets subsidiary ledgers for all capital assets. Further, a detail schedule maintained for capital assets provided to us did not agree to the general ledger control account balance. Further, we were unable to conclude on the completeness of the balance as the supporting schedules carried forward were incomplete.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-06

Condition, Continued

- o Construction in process reported in the prior year's audit report totaling \$3,610,027 was not noted on the current year's trial balance to include a detail of activity in the account during the year ended June 30, 2011.
- o Respective dates placed in service for assets were inconsistent with depreciation calculations.
- o The March 2, 2012 reconstructed capital assets schedule provided to us by management omitted assets totaling \$4,657,037 and accumulated depreciation totaling \$4,083,504 for Fairview Terrance.
- o Dollar balances for office, furniture and equipment totaling \$49,474 and non-dwelling equipment totaling \$75,884 did not reconcile to the respective general ledger amounts for Central Office Cost Center.
- o Building improvements totaling \$7,163,822 on the referenced schedule did not reconcile to costs totaling \$1,017,630 on the general ledger. Likewise, reported accumulated depreciation totaling \$4,624,583 did not agree to the amount of \$1,544,757 reported on the general ledger.
- o We noted capital assets reported as placed in service for forty (40) years being depreciated over a fifteen (15) year useful life.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-06

Context

Total federal award for the Low Rent Public Housing Program was \$1,388,146 or (10)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Potential misstatement in recorded information to include accountability for all capital assets.

Cause

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

Recommendation

Management should perform a complete reconstruction of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded.

The reconstruction should include the recorded accumulated depreciation balance at June 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-06

Management's Response and Planned Corrective Action

The capital assets have been made a priority. The accounting department along with the new fee accountant will ensure that the data on the assets is accurate, thus creating a detailed depreciation schedule. This process is ongoing.

HACA will also ensure that there are subsidiary ledgers that represent the assets in the respective categories.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-07

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2011 revealed the following conditions:

- o Based on our review of the detail grant information maintained by HUD under its LOCCs system for Capital Funds awarded to HACA for the year ended June 30, 2011, we noted the return of funds totaling \$639,613 consisting of \$334,490 in Capital Fund Recovery Competitive grant and \$305,123 in Capital Fund Recovery grant. Further, we noted the rejection of several requisitions for capital funds executed by HACA.

Our review of the associated requests for drawdown revealed reasons such as the need for invoices and documentation to support amounts being requisitioned, requests exceeding the maximum grant dollar threshold, required review and approval by HUD personnel etc. In addition, HACA secured as a part of the Legacy Heights project, a \$2,500,000 loan from a bank.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-07

Condition, Continued

At June 30, 2011, and March 29, 2012, we are unable to determine through discussion and review of documents provided, the status of the collected funds by HUD, rejected requests for funds and the reimbursement, if any for the \$2,500,000 in a bank loan expended on payment to various contractors in connection with the Legacy Heights project.

Questioned Costs

None.

Context

Total federal award for the Capital Fund Program was \$8,136,941 or (58)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Collectibility in recorded grants receivable.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-07

Cause

Lack of a coordinated process in place to ensure the timely follow-up in rejected items and billing of all receivables.

Recommendation

Management should evaluate the collectibility in recorded receivables at June 30, 2011. Further a subsidiary ledger by grant should be constructed by the Accounting Department to facilitate the periodic analysis of all grant activities. This process should be coordinated with the personnel charged with drawdown responsibility to ensure completeness in recorded grant activities.

Further, management should continue in its dialogue with HUD personnel to resolve the referenced conditions.

Management's Response and Planned Corrective Action

HACA is working on receiving from HUD the \$2.5 million owed to Regions Bank. HUD and HACA are gathering the necessary documents for the funds to be released.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-08

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to Article VI, Section 44 of the Constitution of Louisiana, all political subdivisions "shall develop and adopt an investment policy.....". Further HUD regulations require the adoption and use of an investment policy.

Condition

HACA does not have an approved investment policy.

Questioned Costs

None.

Context

Total funds invested at June 30, 2011 was \$22,267.

Effect or Potential Effect

Noncompliance with State Law and HUD requirement.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-08

Cause

No adopted policy in compliance with State and HUD regulations.

Recommendation

Management should develop for board approval, an investment policy pursuant to the requirements of State Law.

Management's Response and Corrective Action Plan

At this time, HACA is in the process of revising policies and procedures. This process has been ongoing.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-09

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for ensuring the accuracy of its financial statements and accounting reports.

Condition

We noted prior to the effect of an audit adjustment, unreconciled differences of \$644,010 and \$6,831, respectively for payments made to landlords and utility reimbursement benefits for the year ended June 30, 2011 in the Housing Choice Voucher Program between the HAP register and the general ledger control account.

Likewise, we noted differences of \$634 and \$482, respectively for payments made to landlords and utility reimbursement benefits for the month of October 2010 (month judgementally selected for testing).

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program for the year ended June 30, 2011 was \$4,406,666.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-09

Effect or Potential Effect

Inaccurate financial reporting.

Cause

Lack of an established procedure to require the monthly reconciliation of subsidiary ledgers to their respective control accounts.

Recommendation

Management should implement procedures and processes with the approval of the Board of Commissioners that address the monthly financial processing aimed at the completeness in recorded financial transactions. Such a process should include the monthly analysis of all significant general ledger accounts from the subsidiary ledgers to their respective control general ledger accounts.

Management's Response and Planned Corrective Action

HACA has been informed on which accounts other than cash accounts that should be reconciled monthly. There will be a reconciliation completed monthly to ensure that the general ledger matches the monthly HCV HAP register. The start date of this was February 2012.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-10

Federal Award Program

Veterans Affairs Supportive Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for ensuring the accuracy of its financial statements and accounting reports.

Condition

We noted unreconciled differences of \$10,290 and \$13,051, respectively for payments made to landlords and utility reimbursement benefits between the Veteran Affairs Supportive Housing (VASH) "HAP" Register and the general ledger control account for the year ended June 30, 2011.

Questioned Costs

None.

Context

Total federal award expended for the VASH program for the year ended June 30, 2011 was \$60,113.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-10

Effect or Potential Effect

Inaccurate financial reporting.

Cause

Lack of an established procedure to require the periodic reconciliation of significant general ledger accounts to their associated subsidiary ledgers.

Recommendation

Management should implement procedures and processes with the approval of the Board of Commissioners to address the referenced condition. Such processes should include the periodic reconciliation of all significant subsidiary ledgers to their respective general ledger control accounts.

Management's Response and Planned Corrective Action

HACA has been informed on which accounts other than cash accounts that should be reconciled monthly. There will be a reconciliation completed monthly to ensure that the general ledger matches the monthly VASH HAP register. The start date of this was February 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-11

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA**.

Condition

The results of our review of twenty-five (25) cash disbursement transactions for the month of October 2010 (month judgementally selected for testing) revealed the following conditions:

- o One (1) of twenty-five (25) transactions did not agree to the Housing Assistance Payment Register. The difference of \$44 was due to an administrative fee amount not extending to the total payment column on the "HAP" Register.
- o One (1) of twenty-five (25) disbursements tested reflected a reduction to the scheduled monthly payment amount to a landlord without the benefit of adequate support documentation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-11

Condition, Continued

- o One (1) check totaling \$459 noted as voided on the "HAP" check register was not voided on the Transaction Edit Listing.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program for the year ended June 30, 2011 was \$4,406,666.

Effect or Potential Effect

Lack of supervisory review of adjustments provides for an environment that is conducive to the misappropriation of assets.

Cause

Lack of an established procedure to address approval of adjustments for the Housing Choice Voucher Program payments.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-11

Recommendation

We recommend that management with approval by the Board of Commissioners, develop and implement procedures and processes in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition.

Management's Response and Planned Corrective Action

HACA will continue to monitor the HAP registers on a monthly basis to ensure that all items are accounted for.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-12

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, capital assets, prepaid assets, revenues, expenses, etc.

Condition

- o Fourteen (14) checks were more than ninety (90) days outstanding at October 31, 2010 (month judgementally selected for testing) and thirty-nine (39) checks at June 30, 2011.
- o We also noted that the accounting staff have unsupervised access to the signature plates when the custodian of the plate is not present during its use. Further, we noted limited segregation of duties within the Accounting Department.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2011-12

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Completeness in prepared financial reports.

Cause

Transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of bank account reconciliations.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences.

All processed checks requiring the use of the signature plate should be performed in the presence of the custodian of the plate at all times.

Management's Response and Planned Corrective Action

HACA on a quarterly basis reviews all outstanding checks. At that time, a determination is made if the check should be voided. This process has been ongoing.

Outstanding checks will be viewed on a monthly basis to determine the next step.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-13

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of HACA.

Condition

The results of our review of seven (7) cash disbursement transactions for the month of October 2010, (month judgementally selected for testing) revealed the following conditions:

- o Two (2) of seven (7) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers. The expenses for lawn care services were capitalized.
- o In one (1) of seven (7) cash disbursement transactions tested, supporting documentation in the form of a contractual agreement was misfiled or not available for our review.
- o We were unable in five (5) of seven (7) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-13

Condition, Continued

- o Bid or procurement packages in five (5) of the seven (7) transactions tested were not available for testwork. However, we did note executed contracts for four (4) of five (5) transactions tested. The remaining two (2) were for contracts executed in a prior period.
- o For one (1) of the seven (7) transactions tested, we noted no general ledger account number coded.
- o HACA was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
- o One (1) of seven (7) checks requiring dual signatures reflected only one (1) signature.

Questioned Costs

\$85,615.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-13

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Deficiencies in HACA's internal controls which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function coupled with the lack of accounting policies and procedures.

Recommendation

Current management should initiate, develop and implement procedures and processes, with approval from the Board of Commissioners to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

All supporting documents should be filed and maintained on a current basis.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-13

Management's Response and Planned Corrective Action

Management will review its current practices with an aim towards a revision of the existing practices to ensure compliance.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-14

Federal Award Program

Capital Fund Program (see Schedule of Expenditures fo Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

The March 2, 2012 reconstructed capital assets detail provided to us by management did not provide information on construction in process at June 30, 2011.

Further, we were unable to determine a rollover of the construction in process or completed construction balance at June 30, 2011.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-14

Context

Total federal award for the Capital Fund Program was \$8,136,941 or (58)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

Recommendation

Management should perform a complete reconstruction of its detail capital assets to include the associated accumulated depreciation and reconcile to the general ledger balances and the necessary adjustments recorded.

Management's Response and Planned Corrective Action

The capital assets have been made a priority. The accounting department along with the new fee accountant will ensure that the data on the assets is accurate, thus creating a detailed depreciation schedule. This process is ongoing.

HACA is first taking into consideration what assets we have and what we can dispose of.

Ensure that there are subsidiary ledgers that represent the assets in the respective categories.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2011-15

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Louisiana Revised Statute 24:513 requires the submission of audited financial statement within six (6) month of year end or within an approved extension request.

Condition

The audited financial statements as of and for the year ended June 30, 2011 was not published by December 31, 2011 (statutory due date).

Questioned Costs

None.

Context

Federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effort

Noncompliance with the requirement of Louisiana Audit Law.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-15

Cause

HACA's audit delay was caused primarily by the untimely finalization of its general ledger and other challenges associated with its financial records to facilitate the start and completion of audit fieldwork.

Recommendation

As HACA continues to restructure its financial sections, greater emphasis should be placed on the financial operating cycle to ensure complete and accurate financial information reporting.

An enhanced coordination between the new fee accountant and the accounting department staff should ensure the timely analysis of significant accounts and the periodic preparation of financial statements for management's review, etc.

Furthermore, an enhanced level of oversight is necessary to ensure timely and accurate financial information.

Management's Response and Planned Corrective Action

HACA will be in preparation earlier for the coming audit period in order to have the necessary requested data to the auditor within sixty (60) days (August 31) of the fiscal year end.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Finding and Questioned Costs, Continued

Reference Number

2011-16

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of HACA and the preparation of its financial statements.

Condition

We noted an inadequate design of internal control over significant general ledger accounts and processes to include system generated financial statements reporting. For the fiscal year ended June 30, 2011, we noted no evidence that monthly financial statements were generated and presented to the Board of Commissioners for review and discussion.

Questioned Costs

None.

Context

Total federal award expended was \$13,993,640 for the year ended June 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Finding and Questioned Costs, Continued

Reference Number, Continued
2011-16

Effect or Potential Effect

Control deficiencies in HACA's internal control system may impact the Board of Commissioners ability to review meaningful information on a timely basis and or statistics useful in making decisions

Cause

It is our understanding that the TENMAST accounting system as currently mapped, does not allow for the generation of financial statements.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be generated and presented to the Board of Commissioners for decision making.

Management's Response and Planned Corrective Action

HACA staff is working to ensure that all system generated reports depict an accurate picture of the state of the Agency. This would include mapping accounts to and from the general ledger to ensure accurate data is being distributed. This process has been ongoing.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs

Reference Number

2011-17

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

HACA is required to submit Form HUD 60002.

Condition

We were unable to verify submission of Form HUD 60002 by HACA's personnel.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-17

Cause

Lack of an established process to ensure compliance with HUD reporting requirements.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Management's Response and Planned Corrective Action

HACA will submit the necessary HUD document on an annual basis. With the change in leadership this was an oversight for the fiscal year ended June 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-18

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

HACA is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

We were unable to verify the timely submission of one (1) of ten (10) completed Form HUD 50058 by HACA's personnel.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Public Housing Program was \$1,388,146 or (10)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-18

Cause

Inadequate document retention for submitted data.

Recommendation

Management should ensure that all required reports submitted are adequately documented to afford an audit trail.

Management's Response and Planned Corrective Action

Management will maintain a file system of all 50058 submitted and will make sure all 50058 are submitted within a thirty (30) day time frame.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-19

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, HACA is required to submit Form HUD 50058 to include information such as birth certificate, total annual income, etc.

Condition

The date of birth reported on Form HUD 50058 did not agree with the birth date noted on the birth certificate for one dependent in one (1) of the ten (10) files tested.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-19

Context

Total expenditures of federal award for the year ended June 30, 2011 for the Low Rent Public Housing Program was \$1,388,146 or (10)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulations.

Recommendation

Management should ensure the completeness of information used and reports submitted in the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management will implement a monthly random detail review of tenant files by Public Housing Manager or designee to ensure consistency and accuracy of residents files. (Using a Tenant File Review Checklist).

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-20

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR requires the implementation of community services program for tenants eligible to participate in such a program.

Condition

In two (2) instances of ten (10) files tested, we noted the lack of adequate documented evidence of community services performed by eligible tenants.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended June 30, 2011 for the Low Rent Public Housing Program was \$1,388,146 or (10)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-20

Cause

Lack of an effective monitoring system in place to ensure compliance with the community services requirement by eligible tenants.

Recommendation

Management should review existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation.

Management's Response and Planned Corrective Action

Management is currently reviewing it's current community service policy to better document files on eligible tenants required to comply with HUD requirement of Community Service.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-21

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our test of ten (10) tenant files for the Low Rent Public Housing Program, revealed in two (2) instances, differences between the first month's prorated rent per the executed lease agreement and the prorated rent based on our re-calculation.

Questioned Costs

None.

Context

Total amount of federal awards expended for the Low Rent Public Housing Program for the year ended June 30, 2011 was \$1,388,146.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-21

Effect or Potential Effect

Noncompliance with the requirements of HUD regulation and Board policy.

Cause

Lack of an effective monitoring system in place to ensure the completeness of all financial statement transactions in connection with the certification process.

Recommendation

Management should provide oversight in the work effort of staff to ensure completeness in all financial transaction through periodic sampling.

Management's Response and Planned Corrective Action

Management will implement a monthly random detail review of tenant files by Public Housing Management or designee to ensure consistency and accuracy of residents files. (Using a Tenant File Review Checklist).

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-22

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

CFR 24 sections 5.601 et. seq., 982.201, 982.515 and 982.516 require the accumulation of all information necessary to compute tenant rent. Further, HACA is responsible for ensuring the accuracy of calculated deductions.

Condition

In one (1) of fifteen (15) files tested, we noted a difference in the number of bedrooms reflected on the inspection report and the number reported on Form HUD 50058.

Further, in one (1) of fifteen (15) files tested, we noted no allowance for certain utilities noted as the tenant's responsibility.

Questioned Costs

None.

Context

Total expenditures of federal awards for the year ended June 30, 2011 for the Housing Choice Voucher Program was \$4,406,666 or (31)% of total federal award.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-22

Effect and Potential Effect

Noncompliance with the requirements of 24 CFR 5.601, 982.201, 515 and 516.

Cause

Oversight in the calculation of tenant rent.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Management's Response and Planned Corrective Action

Management will ensure that the Request for Tenancy Approval is corrected after the initial inspection and placement in tenant file.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-23

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR Section 982.507 requires HACA to not approve a lease until it is determined that the initial rent to owner is reasonable.

Condition

In seven (7) instances of fifteen (15) files tested, we noted where HACA's documented rent reasonableness were dated after the lease commencement date.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended June 30, 2011 for the Housing Choice Voucher Program was \$4,406,666 (31)% of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 982.507.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-23

Cause

Lack of an effective monitoring system to ensure completeness of all tenancy requirements.

Recommendation

Management should provide oversight through the use of sampling to ensure the complete processing and filing of all required data.

Management's Response and Planned Corrective Action

To provide consistency and compliance with the process, the rent reasonableness documentation will be attached prior to the inspection to ensure consistency with dates.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-24

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR, **HACA** is required to obtain Form HUD 214 citizenship.

Condition

In three (3) of the fifteen (15) tenant files tested, we noted that the Form HUD 214 were dated after the lease commencement date.

Further, in two (2) of the fifteen (15) files tested Form HUD 214 certification of citizenship were incomplete.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program was \$4,406,666 or (31)% of the total federal award for the year ended June 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-24

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Lack of effective management oversight.

Recommendation

Management should periodically review files to ensure their completeness.

Management's Response and Planned Corrective Action

All instances have been reviewed and duly noted. Prior emphasis has not been placed on dates, rather that the file being document with the appropriate forms. However, management will provide oversight to ensure that forms are properly completed and dated prior to lease commencement date.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-25

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR 813.106 and 813.102 HACA is required at the time it completes an admission, annual or interim re-examination, portability move-in or other change of a unit for a family to verify the accuracy of calculated deductions and income on Form HUD 50058. Additionally, HACA should ensure the accuracy of all required critical information.

Condition

- o In one (1) of fifteen (15) files tested, the first name on the social security card and birth certificate did not agree with the name appearing on all documents including Form HUD 50058.
- o In one (1) instance of the fifteen (15) files tested, the inspection date on Form HUD 50058 did not agree with the date noted on the inspection report.
- o In one (1) of fifteen (15) files tested, the tenant's deduction for an allowance used by HACA, lacked a documented basis for the claim.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-25

Context

Total federal award expended for the Housing Choice Voucher Program was \$4,406,666 or (31)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Oversight in the completeness of certification documents.

Recommendation

Management should enhance its oversight of tenant files processed to minimize, if not eliminate, errors in the certification and/or re-certification process.

Management's Response and Planned Corrective Action

The actual name that appears on social security card is utilized for reporting in PIC and was utilized in the file as is the case for all program participants.

Program participants will be requested to have documents issued in the same name for both documents (S.S. Card and Birth Certificate) to maintain consistency.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-26

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR section 985.101, **HACA** is required to submit a Section 8 Management Assessment Program (SEMAP) certification within sixty (60) days of year end.

Condition

For the SEMAP certification submitted for the year ended June 30, 2011, we noted a discrepancy between the date certified by management of August 22, 2011 and the date documented for sample selection from **HACA's** waiting list of October 25, 2011.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended June 30, 2011 for the Housing Choice Voucher Program was \$4,406,666 of the total federal award.

Effect or Potential Effect

Accuracy of information submitted in SEMAP certification report.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-26

Cause

Oversight in the completeness of submitted documents.

Recommendation

Management should ensure that all reports are reviewed for completeness prior to submission to third parties.

Management's Response and Planned Corrective Action

The report was generated to provide a list of admissions to account for 100% of the sample size. The HACA exceeds the required size for samples.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-27

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR, HACA is required to certify the review of a sample of Housing Quality Standards (HQS) enforcement within sixty (60) days of its year end.

Condition

We noted that eight (8) of twenty-five (25) HQS enforcement inspections sampled by management had certification dates subsequent to August 22, 2011, the SEMAP report submission date.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended June 30, 2011 for the Housing Choice Voucher Program was \$4,406,666 (31)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 985.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-27

Cause

Ineffectiveness of certification documentation process.

Recommendation

Management should ensure that all samples used for its certification are performed and documented on a timely basis.

Management's Response and Planned Corrective Action

Management was only required to complete 5% to ensure enforcement. However, management exceeded SEMAP requirement.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-28

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for ensuring the accuracy of its financial statements and accounting reports.

Condition

We noted prior to the effect of an audit adjustment, unreconciled differences of \$644,010 and \$6,831, respectively for payments made to landlords and utility reimbursement benefits for the year ended June 30, 2011 in the Housing Choice Voucher Program HAP register and the general ledger control account.

Likewise, we noted differences of \$634 and \$482, respectively for payments made to landlords and utility reimbursement benefits for the month October 2010 (month judgementally selected for testing).

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program for the year ended June 30, 2011 was \$4,406,666.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-28

Effect or Potential Effect

Inaccurate financial reporting.

Cause

Lack of an established procedure to require the monthly reconciliation of subsidiary ledgers to their respective control accounts.

Recommendation

Management should implement procedures and processes, with the approval of the Board of Commissioners, that addresses the monthly financial processing aimed at the completeness in recorded financial transactions. Such a process should include the monthly analysis of all significant general ledger accounts from the subsidiary ledgers to their respective control accounts.

Management's Response and Planned Corrective Action

HACA has been informed on which accounts other than cash accounts that should be reconciled monthly.

Effective February 2012, management has initiated a procedure to ensure the monthly reconciliation and analysis.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-29

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of HACA.

Condition

The results of our review of twenty-six (26) disbursement transactions revealed the following conditions:

- o Four (4) of twenty-six (26) transactions tested represented wire transfers approved by the executive director for which no supporting invoices were provided.
- o In thirteen (13) of twenty-six (26) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.

Management subsequently provided us with an "Application and Certification for Payment". Noted on the referenced application form, reference to the use of HACA's line of credit as the source for payment.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-29

Condition, Continued

- o We were unable in seven (7) of twenty-six (26) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
- o We were unable to verify the validity of endorsements for twenty-one (21) of twenty-six (26) cancelled checks as the checks were not available for our review.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-29

Effect or Potential Effect

Deficiencies in HACA's internal controls which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function coupled with the minimal level of management oversight afforded.

Recommendation

Management should implement procedures and processes with approval from the Board of Commissioners, in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should continue its review of the accounting processing system to ascertain its completeness.

Management's Response and Planned Corrective Action

Management will review its current practice and revise existing procedures where necessary to address the referenced condition.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-30

Federal Award Program

Capital Fund Program (see Schedule of Expenditures and Federal Awards).

Criteria

In accordance with public bid law and HACA's procurement policy, advertisement for bids, requests of bids/proposals, bid evaluations change orders and board approvals should be documented and retained in the respective procurement file.

Further, the requirements of 2 CFR Section 215.45 states that some form of cost or price analysis shall be performed and documented in the procurement files in connection with every procurement action.

Condition

Our testing of selected procurement transactions revealed where HACA failed to maintain supporting documentation to evidence advertisements placed, requests for bids/proposals evaluations, and/or board approval and cost and price analysis for seven (7) transactions tested.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-30

Effect or Potential Effect

Noncompliance with the procurement requirements of HUD and the Board.

Cause

Ineffective procedures in place to ensure completeness of all related procurement documentation and related file management of HACA to support compliance with procurement requirements and basis of selection.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the performance of due diligence, file documentation and maintenance to support its actions. Further, the required cost and price analysis should be performed and documented accordingly.

Management's Response and Planned Corrective Action

Management will review existing procedures to ensure its adequacy in compliance with HACA's procurement policy.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-31

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Our review of the current design and operation of HACA's internal control revealed the following significant conditions:

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-31

Context

Total amount of federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA has not developed and implemented formal policies and procedures to ensure the safeguarding of assets. Further, there are no implemented design and documentation of internal controls.

Recommendation

Management should develop and formalize its accounting policies and procedures.

In addition, HACA should undertake a complete risk assessment of its operations aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the implementation of an effective and efficient design and operation of its internal controls.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-31

Management's Response and Planned Corrective Action

All actions listed below were started after it was brought to the attention (12/2011) of the staff that these accounts must be reviewed and reconciled monthly:

- o Seek training for the current staff in the weak areas so that they can fulfill their assigned functions.
- o Continue writing and revising policies and procedures.
- o Identify the significant accounts that should be reconciled on a monthly basis.
- o Upon reconciliation of accounts print necessary documents that back-up the reconciled balances.
- o Have these reconciled accounts signed off on by the Executive Director.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-32

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by HACA's fee accountant for the year ended June 30, 2011, revealed the following significant conditions:

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Further, management was unable to provide us with detail supporting documentation for the following selected general ledger accounts: HUD grants receivable \$89,849 (various "AMPs"), Green Grant deferred charges of \$23,080 (Capital Fund), "AARA" grant deferred charges of \$20,707 (Capital Fund) and deferred credit of \$13,762 (Capital Fund) and Legacy Heights reimbursements of \$681,789 (Central Office Costs Center).

- o General ledger account balances such as vendor transactions at June 30, 2011, were lumped into one general ledger account without adequate account detail to facilitate our testing.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-32

Condition, Continued

- o At June 30, 2011, interfund activities reflected a net out-of-balance condition of \$20,931. Further, we noted account balances for interfund activities that were reported in the general ledger contrary to their respective normal account balances.
- o Also noted unreconciled differences in the beginning (July 1, 2010) and ending (June 30, 2011) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification. At March 29, 2012, our request for an analysis of net assets remains outstanding.
- o The general ledger for June 30, 2011, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.

Further, we noted that HACA's current monthly processes does not facilitate the preparation and submission of financial statements to management and the Board of Commissioners.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended June 30, 2011 was \$13,993,640.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-32

Effect or Potential Effect

The effect or potential effect include:

- o Potential misstatement in recorded financial transactions.
- o Noncompliance with the requirements of HUD regulations and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of in-house capacity and systems in place to facilitate the timely analysis and review to ensure the completeness of all executed financial transactions.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

All actions listed below were started on July 1, 2011:

- o All supporting documentation will accompany the journal entries that are keyed into the system on a monthly basis.
- o HACA will not use a process of lumping numbers together in the future in order to create a paper trail and clearer understanding for the auditor.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-33

Federal Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of HACA.

Condition

The results of our review of cash disbursement transactions for the month of October 2010 (month judgementally selected for testing), revealed the following conditions:

- o Invoice for one (1) of the eighteen (18) transactions tested was not canceled to avoid the potential for duplicate use.
- o We were unable in one (1) of eighteen (18) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o Bid or procurement package in one (1) of the eighteen (18) transactions tested was not available for testwork.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-33

Condition, Continued

- o HACCA was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
- o We noted no allocation of cost for one (1) of eighteen (18) transactions tested.
- o We were unable to verify the authorized signature of one (1) of eighteen (18) transactions tested, as the signed cancelled check was not provided for review.

Questioned Costs

\$15,833.

Context

Total federal award expended for the year ended June 30, 2011 was \$13,993,640.

Effect or Potential Effect

Deficiencies in HACCA's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-33

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Management's Response and Planned Corrective Action

In the future all voided invoices will be stamped voided in an event that it has already been stamped "entered" we will mark through the "entered" stamp and stamp "void" with initials to accompany the change.

HACA will view/print the HUD debarred list to ensure that vendors being used are not on the list.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-34

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of HACA.

Condition

The results of our review of twenty-five (25) cash disbursement transactions for the month of October 2010 (month judgementally selected for testing) revealed the following conditions:

- o One (1) of twenty-five (25) transactions did not agree to the Housing Assistance Payment Register. The difference of \$44 was due to an administrative fee amount not extending to the total payment column on the "HAP" Register.
- o One (1) of twenty-five (25) disbursements tested reflected a reduction to the scheduled monthly payment amount to a landlord without the benefit of adequate support documentation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-34

Condition, Continued

- o One (1) check totaling \$459 noted as voided on the "HAP" check register was not voided on the Transaction Edit Listing

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program for the year ended June 30, 2011 was \$4,406,666.

Effect or Potential Effect

Lack of supervisory review of adjustments provides for an environment that is conducive to the misappropriation of assets.

Cause

Lack of an established procedure to address approval of adjustments for Voucher Program payments.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-34

Recommendation

We recommend that management with approval by the Board of Commissioners, develop and implement procedures and processes in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition.

Management's Response and Planned Corrective Action

HACA will continue to monitor the HAP register on a monthly basis to ensure that all items are accounted for.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-35

Federal Award Program

Capital Fund Program (see Schedule of Expenditures fo Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

The March 2, 2012 reconstructed capital assets detail did not provide information on construction in process at June 30, 2011.

Further, we were unable to determine a rollover of the construction in process or completed construction balance at June 30, 2011.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-35

Context

Total federal award for the Capital Fund Program was \$8,136,941 or (58)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

Recommendation

Management should perform a complete reconstruction of its detail capital assets to include the associated accumulated depreciation and reconcile to the general ledger balances and the necessary adjustments recorded.

Management's Response and Planned Corrective Action

The capital assets have been made a priority. The accounting department along with the new fee accountant will ensure that the data on the assets is accurate, thus creating a detailed depreciation schedule. This process is ongoing.

HACA is first taking into consideration what assets we have and what we can dispose of.

Ensure that there are subsidiary ledgers that represent the assets in the respective categories.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-36

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2011 revealed the following conditions:

- o Based on our review of the detail grant information maintained by HUD under its LOCCs system for Capital Funds awarded to HACA for the year ended June 30, 2011, we noted the return of funds totaling \$639,613 consisting of \$334,490 in Capital Fund Recovery Competitive grant and \$305,123 in Capital Fund Recovery grant. Further, we noted the rejection of several requisitions for capital funds executed by HACA.

Our review of the associated requests for drawdown revealed reasons such as the need for invoices and documentation to support amounts being requisitioned, requests exceeding the maximum grant dollar threshold, required review and approval by HUD personnel etc. In addition, HACA secured as a part of the Legacy Heights project, a \$2,500,000 loan from a bank.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-36

Condition, Continued

At June 30, 2011, and March 29, 2012, we are unable to determine through discussion and review of documents provided, the status of the collected funds by HUD, rejected requests for funds and the reimbursement, if any for the \$2,500,000 in a bank loan expended on payment to various contractors in connection with the Legacy Heights project.

Questioned Costs

None.

Context

Total federal award for the Capital Fund Program was \$8,136,941 or (58)% of the total federal award for the year ended June 30, 2011.

Effect or Potential Effect

Collectibility in recorded grants receivable.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-36

Cause

Lack of a coordinated process in place to ensure the timely follow-up in rejected items and billing of all receivables.

Recommendation

Management should evaluate the collectibility in recorded receivables at June 30, 2011. Further a subsidiary ledger by grant should be constructed by the Accounting Department to facilitate the periodic analysis of all grant activities. This process should be coordinated with the personnel charged with drawdown responsibility to ensure completeness in recorded grant activities.

Further, management should continue in its dialogue with HUD personnel to resolve the referenced conditions.

Management's Response and Planned Corrective Action

HACA is working on receiving from HUD the \$2.5 million owed to Regions Bank. HUD and HACA are gathering the necessary documents for the funds to be released.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number
2010-01

***Condition**

HACA has not updated its general ledger since June 30, 2010.

HACA cannot adequately reconcile bank statements since June 30, 2010 without an updated general ledger.

HACA has not produced computerized financial statements and computerized reports since June 30, 2010.

Recommendation

None noted in report provided to us.

Current Status

Unresolved. See current year's audit findings reference numbers 2011-05 and 2011-16.

HACA is currently still lacking the system generated reports. Reports are manually completed monthly. Data is currently being tested in system generated report form to ensure that it matches the manual reports. This item will not be a finding for fiscal year ending June 30, 2012.

***Repeated.**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-02 and 2009-01

***Condition**

This is a repeat of finding 2009-01. As of June 30, 2010:

HACA reported interfund loans between programs totaling \$1,101,343.

Programs without any money to repay these loans:

<u>Program Owing Money</u>	<u>Amount It Owes</u>	<u>Equity Available To Pay Loans</u>
Central Office Cost Center	\$783,883	\$(743,878)
Housing Choice Vouchers	\$221,230	\$(271,589)

For the above programs identified, equity available is negative. As such the programs do not have the capacity to repay the advances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-02 and 2009-01

Condition, Continued

Program Prohibited from Lending Federal Funds Out:

Low Rent Public Housing Program advance funds to the COCC by AMP in violation of the Asset Management Requirements, the ACC, and the 1937 Act of Congress:

AMP 1	\$134,751
AMP 2	23,027
AMP 6	98,618
AMP 7	27,893
AMP 8	180,035
AMP 9	<u>10,744</u>
Total	<u>\$475,068</u>

Note that the COCC advanced AMP's monies as follows:

AMP 3	\$ 10,125
AMP 4	2,942
AMP 5	<u>83,163</u>
Total	<u>\$ 96,230</u>

Disaster Voucher Program (DVP) advanced funds to the Housing Choice Voucher Program (HCV) in violation of DVP requirements that unrestricted net assets remaining at the conclusion of the program be used for future disaster uses.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-02 and 2009-01

Recommendation

This is a repeat finding. I recommended that HACA designate a particular staff member for ensuring that all inter program balances are paid off each month. If the designated HACA staff member determines that the program owing inter program monies does not have enough cash to pay off the inter program amounts for any month, I suggest that staff member be required to submit a written report to the board describing the circumstances.

Current Status

Unresolved. See current year's audit findings reference numbers 2011-02 and 2011-32.

HACA has not put a plan together to reconcile the interfund problems of the past. With a new fee accountant on board we will develop a plan and ensure that the interfunds are all reconciled at the end of each month by journal entries that create a paper trail for auditor to follow.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-03 and 2009-02

Condition

As of June 30, 2010, programs administered by HACA reported the following one (1) year operating losses:

Annual Operating Losses:

<u>Program/Account</u>	<u>Annual Loss Reported</u> (Line 10000 Total Revenue net of Total Expenses, with line 97400 Depreciation Added back)
Business Activities	\$ (55,060)
Central Office Cost Center	(164,166)
HCV Program: Administrative	(149,919)
Public Housing Program:	
AMP 1	(21,608)
AMP 2	(11,136)
AMP 3	(37,471)
AMP 4	(32,434)
AMP 5	(108,358)
AMP 6	(21,153)
AMP 7	(37,634)
AMP 9	<u>(9,706)</u>
AMP Total	<u>(279,500)</u>
Sub-total	<u>(648,645)</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Condition, Continued

I noted that of the five (5) columns reporting annual program activity on the FDS, only one (1) column reported a net operating profit. Four (4) of five (5) columnar programs report operating losses.

At June 30, 2010, the following programs reported cumulative net losses as follows:

Cumulative Program Net Losses - Unrestricted Net Assets:

Central Office Cost Center	\$ (743,878)
HCV Program	(271,589)
Public Housing AMP's 1 thru 9:	
AMP 3	(10,010)
AMP 4	(40,018)
AMP 5	<u>(105,126)</u>
AMP Total	<u>\$ (155,154)</u>
Programs with net losses - total	<u>\$ (1,170,621)</u>

HACA has operating equity of \$4,929 (unrestricted net assets).

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Condition, Continued

This is a real important measurement of financial strength. It means HACA received \$7 million of revenue this year and only had an equity cushion of \$4,929 with which to operate.

This contributes substantially to my decision to include "Going Concern" comments in my opinion of the Financial Statements.

Summary of last three (3) years annual operating losses for trend analysis:

2008

COCC	\$ <u>(437,973)</u>	
Total		\$ <u>(437,973)</u>

2009

COCC	\$ <u>(192,249)</u>	
HCV	(413,602)	
Business activities	(62,319)	
21 st Century program	(77,137)	
AMP	<u>(7,584)</u>	
Total		<u>(752,891)</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-03 and 2009-02

Condition, Continued

2010

COCC	\$ (164,166)	
HCV	(149,919)	
Public Housing:		
AMP 1	(21,608)	
AMP 2	(11,136)	
AMP 3	(37,471)	
AMP 4	(32,434)	
AMP 5	(108,358)	
AMP 6	(21,153)	
AMP 7	(37,634)	
AMP 9	<u>(9,706)</u>	
AMP total	(55,060)	
Business Activity	(279,500)	
Total 2010		<u>\$ (684,645)</u>

These program lost \$1,875,509 in the last three (3) years.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-03 and 2009-02

Recommendation

I recommended that the Board of Commissioners recognize these financial warning signs as extremely serious and take immediate action to reverse the current financial direction.

I recommended that the Board of Commissioners call a special meeting of the Board as soon as possible and require management to present to the Board at that special meeting:

Identification of each HACA program/AMP, as of February 28, 2011, with a deficit in unrestricted net assets and/or an annual operating loss (line 10000 net of line 97400).

For each program identified above:

Require management to provide a one (1) page written plan for each program describing how they will turn around that program within thirty (30) days. In other words, describe how each program will produce a net operating profit for the next month's report. The board should then consider the turn around plan and either approve or disapprove it.

One (1) month later have management:

- 1) Report the results of each program turn around plan
- 2) Provide the same type of turn around plan for the next three (3) month period, to be approved or disapproved by the board

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Recommendation, Continued

Three (3) months later have management:

- 1) Report the results of each program turn around plan
- 2) Provide the same type of turn around plan for the balance of the HACA fiscal year through March 31, 2012, to be approved or disapproved by the board

These recommendations are based on my opinion that HACA cannot continue to operate as it has for the last number of years and that drastic action needs to be taken now in order to avoid financial disaster.

Current Status

Partially resolved.

HACA has drastically reduced spending since the issue time of the year ended June 30, 2010 audit report some examples are listed below:

- o Lawn maintenance has been re-bided and has resulted in a savings of \$90,000 yearly.
- o The loss of five (5) employees that saved the agency a total of \$255,902 in salaries.

These two (2) major expense cuts are projected to have helped to improve AMPs, COCC bottom line.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-04

Condition

HACA did not provide me with timely Depository Agreements for seven (7) bank accounts whose cash deposits at year end totaled \$540,457. In February 2011 HACA secured Depository Agreements for all bank accounts.

Recommendations

I recommended that HACA staff comply with HUD regulations in the future and execute Depository Agreements with any banking institution holding HACA deposits.

Current Status

Partially resolved.

HACA provided for the Auditor for the year ended June 30, 2010 depository agreements on all accounts that are in the name of the Alexandrian Housing Authority. At this time only three (3) of the agreements are able to be reproduced. HACA will gather the agreements for the other accounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-05

Condition

I noted material financial reporting errors requiring me to enter audit adjusting journal entries to the following programs in the following amounts:

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#1</u>		
Public Housing	Account receivable from HUD	\$(2,098,350)
ARRA Formula	Grant revenue	1,016,047
ARRA competitive	Grant revenue	853,926
Replacement grant	Grant revenue	228,377

Explanation:

These audit adjusting journal entries were required because HACA staff understood the above amounts were to be accrued as receivables from HUD and Grant revenue. We determined that the amounts and entries were measurable (the amount could be determined) but not available (HUD will not fund this until later). GAAP reporting required me to make the AJE's based on the above GAAP definitions.

These mistakes were caused because HACA staff was not fully advised of the unusual circumstances surrounding the new development grant and bank loan provisions. In this way this finding relates to circumstances described in Finding 2010-01.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2010-05

Condition, Continued

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#2</u>		
Public Housing	Current portion long term debt	\$ 1,297,802
Public Housing	Loan liability - noncurrent	(1,297,802)

Explanation:

As described above at AJE#1, HACA staff did not properly understand the terms of the loan. This AJE properly records the bank loan as a long term liability.

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#3</u>		
Public Housing	Loan liability - noncurrent	\$ 779,058
Public Housing	Accounts payable vendors	(779,058)

Explanation:

HACA staff reported the bank loan balance incorrectly at year end. The AJE decreases the reported bank loan balance to the correct loan amount of \$1,297,802.

HACA staff should have recorded the accrual as an increase to accounts payable vendors.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued
2010-05

Recommendation

I recommended that HACA staff in the future pay particular attention to financial entries that could result in material financial statement misstatements. Additionally, I suggest HACA make every effort to ensure that all staff involved in coding transactions be fully informed of unusual circumstances such as in this case.

Current Status

Unresolved. See current year's audit findings reference numbers 2011-07, 2011-14, 2011-35 and 2011-36.

Entries were not made in the system. These entries were not given to HACA staff to input into the system. The current auditor will hand over the audit adjustments to the accounting department to input.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section V - Status of Compliance Audit

Reference Number
LA 2011-01

On August 3, 2011, the Legislative Auditor issued a compliance audit. The following represents the recommendations and current status.

Recommendations

The HACA should adopt policies and procedures to ensure public funds are spent according to appropriate policies and laws. Such procedures could include the following:

1. Ensure that the executive director is paid pursuant to written contract. The contract should be signed and include language specifying the directors' compensation, responsibilities, and duration of service.
2. Ensure that the HACA Board annually reviews salary adjustments to the executive director to determine if the adjustments were approved by the Board and comply with the terms of the director's employment contract.
3. Ensure that all salary increases are supported by proper documentation to include the reason for the increase and approval by the Board.
4. Seek recovery of all salary increases and lump sum payments made in violation of law and/or Board policy.
5. Ensure that payments made under the HACA's Optional Pay and Rewards and Recognition programs comply with agency policies and Civil Service rules.
6. Ensure that the HACA Board complies with the Louisiana public bid law.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Section V - Status of Compliance Audit, Continued

Reference Number

LA 2011-01

Current Status

Partially resolved.

Currently, we are under the leadership of an Interim Executive Director who is not under a contract.

In the future the HACA Board will review the salary annually upon issuing a contract for an Executive Director

All salary increase will be supported by proper documentation.

HACA will ensure that all lump sum, incentive and reward payments comply with the policies set forth by the Board and Agency.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

EXIT CONFERENCE

The financial statements and related reports were discussed at an exit conference held with management of Housing Authority of the City of Alexandria noting their agreement in all material respects.

Those that participated in the discussions are as follows:

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA ALEXANDRIA, LOUISIANA

Ms. Cynthia L. Rosenthal	--	Interim Executive Director
Ms. Taura Denmon	--	Accountant
Ms. Carlisa Houston	--	Public Housing Program
Mr. Frank Lesneski	--	Capital Funds Program
Mr. Stephan Fontenot	--	Housing Choice Voucher Program

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA -- Partner



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA
(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

**Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana**

In planning and performing our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)**, as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered **HACA's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. This letter does not affect our report dated March 29, 2012 on **HACA's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2011

The following is a listing of the current year's other matters related to internal control:

Reference Number

OM - 2011-01

Condition

We were unable to review documented evidence of depository agreements for eight (8) of HACA's ten (10) accounts.

Based on our review of the June 30, 2010 audit report submitted, it appears that HACA had previously secured those documents. ↗

Recommendation

Management should re-evaluate its current policies and procedures to address file documentation and records retention of required documents. Further, HACA should resubmit the missing documents for signatures by its banker.

Management's Response and Planned Corrective Action

Management is currently undertaking the necessary steps to ensure compliance.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011. CONTINUED

Reference Number

OM - 2011-02

Condition

Currently, HACA uses various software to accumulate accounting and program information on a regular basis. However, we noted no formalized plan to require the offsite storage of all pertinent accounting and program data.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on HACA).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

Management's Response and Planned Corrective Action

Management is currently working on its policies and procedures to address the above condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010 and Prior Years

The following is a current status of prior year's other matters related to internal control.

Reference Numbers

ML 2009-01 and ML 2010-01

Condition

HACA's annual financial statement audit was published after the six (6) month statutory timeline .

Recommendation

None noted.

Current Status

Unresolved. See current year's audit finding reference number 2011-15.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

HACA's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 29, 2012